INTERNATIONAL LABOUR REVIEW

Editor-in-Chief: Martha Fetherolf Loutfi

Senior editors
Christine L. Smith, English edition
Monique Grimaud, French edition
Luis Lázaro Martínez, Spanish edition

Editors
Mark Lansky
Patrick Bolle

Assistants
Kate Pfeiffenberger
Marie-Christine Nallet

Advisers

Bina Agarwal
University of New Delhi

Carolyn S. Bell
Emeritus, Wellesley College

Martin Carnoy
Stanford University

Paul Collier
University of Oxford

Paula B. Duffy
The Free Press

Gus Edgren
Swedish International Development Cooperation Agency

Louis Emmerij
Inter-American Development Bank

Álvaro Espina Montero
Ministerio de Economía y Hacienda, Madrid

Jean-Paul Fitoussi
Observatoire Français des Conjonctures Économiques

Audrey Freedman
Audrey Freedman Associates

Dharam Ghai
United Nations Research Institute for Social Development

Andrew Glyn
University of Oxford

Martin Godfrey
Consultant

S. Guhan
Emeritus, Madras Institute of Development Studies

Gerald Helleiner
University of Toronto

Noeleen Heyzer
United Nations Development Fund for Women

Jean-Claude Javillier
Université Panthéon-Assas (Paris-2)

G. M. Kelly
Barrister and Solicitor, High Courts of Australia and New Zealand

János Kornai
Collegium Budapest

Samuel Lanfranco
York University

George C. Lodge
Harvard Business School

Ray Marshall
University of Texas at Austin

Bernd von Maydell
Max-Planck-Institut für Ausländisches und Internationales Sozialrecht

Thandika Mkandawire
Council for the Development of Social Science Research in Africa

Claudio de Moura Castro
Inter-American Development Bank

Pasuk Phongphaichit
Chulalongkorn University

Américo Plá Rodríguez
Universidad de la República, Montevideo

Derek Robinson
University of Oxford

Robert Rowthorn
University of Cambridge

Amartya Sen
Harvard University

Ismail Sirageldin
Kuwait Institute for Scientific Research

Dennis J. Snower
University of London

Kazuo Sugeno
Tokyo University

Alain Supiot
Université de Nantes

Nicolas Valticos
Judge at the European Court of Human Rights

Manuscripts, editorial correspondence and requests to reproduce or translate articles should be addressed to: the **Editor-in-Chief, *International Labour Review*, International Labour Office, CH-1211 Geneva 22, Switzerland; fax (41-22) 799 6117 or 798 8685; telephone 799 6510 or 799 7903; e-mail, revue@ilo.org.** However, short excerpts may be reproduced without authorization on condition that the complete source is clearly indicated; abstracting and other journals may similarly reprint the synopses of *Review* articles provided in the table of contents.

For information concerning the preparation of manuscripts, copyright and subscriptions, see inside back cover.

INTERNATIONAL LABOUR REVIEW

VOLUME 136, NUMBER 3 1997/ AUTUMN

CONTENTS

Page

289 Introduction

293 Full employment in the industrialized countries
Andrew BRITTON

"Full employment" is here explored in the context of today's profoundly changed industrialized working environment. Arguing that it encompasses relative poverty and the quality and income-generating capacity of jobs as well as low unemployment, the author defines it as an equilibrium that must be made acceptable on both social and economic grounds. Contrasting conditions before and after 1970, he considers patterns of output growth and use of labour that are compatible with full employment, and the existing diversity of employment contracts. Finally, he focuses on the difficult but unavoidable policy decisions needed for it to be achieved and maintained.

315 Theories of occupational segregation by sex: An overview
Richard ANKER

Occupational segregation by sex occurs everywhere, causing labour market rigidity and economic inefficiency, wasting human resources, preventing change, disadvantaging women and perpetuating gender inequalities. The author reviews the principal theoretical explanations for its existence and persistence: neo-classical and human capital; institutional and labour market segmentation; and gender discrimination. Its complex relationship with female-male pay differentials is also explored. Though all prove pertinent, the most compelling explanations of occupational segregation by sex are gender theories, given the enormous overlap in abilities and preferences of individual men and women.

341 Occupational segregation by sex in Nordic countries: An empirical investigation
Helinä MELKAS and Richard ANKER

The Nordic countries are commonly associated with strong political commitment to gender equality. But the reality is more complex. Examining data for some 200 occupations over the period 1970-90, the authors find that one-third of all workers in Finland, Norway and Sweden would have to change occupation to eliminate occupational segregation by sex, which is substantially higher than that found in other OECD countries. Often working in female-dominated occupations or part-time employment, women are under-represented in senior positions and typically earn less than men. The underlying segregation impairs not only gender equality but also overall economic efficiency.

Page

365 The social construction of office space — Christopher BALDRY

The internal and external appearances of offices are far from value-free, shows this review of their built environment. Pointing to the synchronous development of office buildings, space and work, the author explains the links between changes in the physical space and in the social significance of office work. Using social and architectural histories and contemporary accounts, he illustrates the interaction of social and architectural structures, tracing shifts in the signals sent by the office environment to its occupants — from the high-trust, high-status clerks in Dickensian counting-houses to the low-trust, low-status white-collar workers in today's plate-glass structures and back offices.

379 Impact on workers of reduced trade barriers: The case of Tunisia and Morocco — Mongi BOUGHZALA

In 1995 Tunisia and Morocco committed themselves to a 12-year time-frame for dismantling their trade barriers against manufactured imports from the European Union — a step towards constructing a Euro-Mediterranean Economic Area. Drawing on existing research, trade theory and empirical evidence, Boughzala presents a stylized model to explore the likely impact of this move on the two countries' labour markets. Wages for unskilled labour will at best not fall, but net job creation could be substantial if the dynamic effects of trade liberalization attract foreign direct investment into competitive sectors and expand more skill-intensive exports.

Perspectives

401 Devaluation of the CFA franc four years on: Economic integration and employment on the agenda

Books

419 Reviews
422 Recent books
438 New ILO publications

ISSN 0020-7780

Symbols used in the tables

.. Not applicable ... Not available – Nil or negligible

Information on the ILO, including ILO publications, is available on the Internet at: http://www.ilo.org. Bibliographic references to articles in the *International Labour Review (ILR)* are included in LABORDOC, the bibliographic database of the International Labour Office, in its abstracting bulletin *International Labour Documentation* and in its CD-ROM LABORDOC on SilverPlatter, as well as in the following databases and in their respective abstracting journals: ABI/INFORM, Book Review Index (*Book Review Index*), Business Periodicals Index, Economic Literature Index (*Journal of Economic Literature*), Management Contents, Newsearch, PAIS International (*PAIS International in Print*), *Personnel Management Abstracts*, Social Work Abstracts, *Sociological Abstracts*, *Work Related Abstracts*. The CD-ROM *Business Periodicals Ondisc* contains full texts of *ILR* articles since November 1987; H.W. Wilson's full-text CD-ROM edition of *Wilson Business Abstracts* contains full texts from 1996; bibliographic references are available on the CD-ROM *ABI/INFORM Ondisc*. The *ILR* is also available, in whole or in part, in microform, on-line and on CD-ROM, from the Information Access Company, 362 Lakeside Drive, Foster City, CA 94404, United States. Whole collections and back numbers in microform, as well as photocopies of separate articles, are obtainable form University Microfilms International, 300 North Zeeb Road, Ann Arbor, Michigan 48106 (United States), and 18 Bedford Row, London WC1R 4EJ (England).

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

INTRODUCTION

Employment — its level, distribution and quality — is the theme running through the articles in this issue. Following on the article on inequality and unemployment by Amartya Sen in the previous issue, Andrew Britton focuses on the meaning of full employment in the industrialized countries. As he makes clear, the concept of full employment refers to an equilibrium position that is acceptable on social as well as economic grounds. It does not mean zero unemployment, nor does it include all work however demeaning and unrewarding. To economists "employment" always implies paid work in the production of socially useful goods and services. The still-valid objective of full employment, Britton argues, is subject to further conditions including income distribution, decent conditions, and the right to choose whether to work or not. In addition, he stresses the need to consider not only individual well-being and equity but also the quality of social life itself. The moral argument for pursuing policies toward the achievement of full employment is powerful, and the policies, as Britton discusses, are feasible if difficult.

One of the most intractable aspects of employment that must be confronted if economic efficiency and equity objectives are to be pursued seriously is the segregation of occupations by sex. It is, as Richard Anker argues in this issue, one of the most important and enduring aspects of labour markets around the world — at all levels of development, under all political systems and in diverse religious, social and environmental settings. In view of its central importance and yet complicated nature, there are two articles on the subject in this issue of the *International Labour Review*.

The first of these, by Richard Anker, reviews the explanations for the existence and persistence of occupational segregation by sex. To explain employers' and women's "preferences" for segregation his overview takes up in turn neo-classical and human capital theories, institutional and labour market theories, and non-economic and feminist or gender theories. Drawing on the results of a vast empirical examination he has undertaken of occupational segregation by sex (Richard Anker, *Gender and jobs*, ILO, forthcoming), he comments here on the relative explanatory power of the different theories: while all are supported to some extent by the evidence, "gender theories provide the most compelling explanations for the sex segregation of occupations."

It is often assumed that as a result of their advanced social policies the Nordic countries are also the most equal in general; their early attention to equality for women is certainly noteworthy (see, e.g. Alva Myrdal's 1939

Copyright © International Labour Organization 1997

article in the *International Labour Review*, reprinted in Vol. 135 (1996), No. 3-4). In another article in this issue, Helinä Melkas and Richard Anker examine the data for Finland, Norway and Sweden, and reach the somewhat surprising conclusion that occupational segregation by sex is relatively high in these countries, especially horizontal segregation (separation of occupations). Economic and social policies may ensure that this does not translate into exceptional gaps in wages and income, but, as they argue, "a gender-segregated labour market is not something which should be taken as natural and inevitable ... ". It entails inefficiencies and inequality which only a much higher degree of integration of men and women across occupations can correct.

Next Christopher Baldry reminds us of the importance of seeing the interaction between the organization of work and the space within which it takes place. In recent decades technological innovations have had effects on both office construction and the nature of office work, but these effects are typically discussed independently. Yet the relationships are complex, involving psychological issues along with efficiency, and changes over time are intriguing. Strategic choices may be made on functional bases, but they reflect shifting gender relations in the workplace, views on the value of different occupations, attitudes about the importance of the quality of working life and priority given to managerial control. As Baldry describes, various initiatives have come and gone with the fluctuating fortunes of the labour market and white-collar militancy. External images — e.g. the prestige projected by the edifice — can be undermined by a sense of worthlessness signalled to the occupants by the interior. He reminds us of the value of taking a broad look at the processes of change under way around us.

A current concern in many countries is the impact of trade liberalization on the level and distribution of employment. To date, developing countries typically have relatively high levels of protection though lowered as a result of recent rounds of global trade negotiations. While most developing countries have obtained preferential access to the markets of industrialized countries, the reciprocal reduction of trade barriers from participation in regional trade arrangements usually involves countries of relatively similar economic levels — the case of Mexico in NAFTA being an important exception. But now, Tunisia and Morocco are beginning to implement the Association Agreements they each concluded with the European Union in 1995, which will mean a substantial reduction in the protection afforded their economies from competition with imports from the EU. In this issue, Mongi Boughzala examines the likely effect of the resulting reduction of trade barriers on employment. The exposure to greater competition in their domestic markets would be expected to cause static losses (especially since both countries already enjoy duty-free access to the EU market for their exported manufactured goods). In these, as in many cases of trade liberalization, there is reason to believe that while skilled labour will benefit from freer trade, low-skilled labour may gain little if at all. But macroeconomic imbalances leave no real alternative to trade liberalization. Yet there is reason to expect that the dynamic gains may turn out to be significant.

While current wage levels are a small fraction of those in the EU, there is little gap in unit labour costs, which, for example, are even higher in Tunisia than in Germany. So there is considerable scope for gains in productivity. Much depends on the extent to which efficiency gains succeed in attracting productive investment. This is a relevant case to follow because it represents the next stage in North-South trade liberalization after the non-reciprocal benefits granted under GSP, Lomé and other agreements: the progressive lowering of barriers to imports into developing countries from the more advanced economies.

Devaluation has an economy-wide impact, shifting relative prices and incentives and thus affecting the level and distribution of employment and incomes. Four years on, one can examine whether the dramatic effects of the CFA franc devaluation foreseen by some at the time have materialized. That is the subject of the *perspective* in this issue (prepared by Patrick Bollé, French-language editor of the *International Labour Review*). Recent reports on the subject show that the devaluation was "effective", in that its benefits were not eliminated by ensuing inflation, but the dynamic gains that many hoped would lead to greater and more productive employment have not yet been realized. Nevertheless, subregional integration agreements reached at the time as well as reforms undertaken since then have helped to create conditions for future improvements in the level and quality of employment.

This issue closes with information on a range of new publications. Reconciling work and family responsibilities, a recurrent theme, is the subject of an important new book; several other books, from the ILO and other publishers, contribute to our understanding of gender relations in employment, reinforcing and expanding the case made in the articles on occupational segregation by sex in this issue. Other books noted here take up the health and safety risks faced by child workers, the subject of discrimination against or in favour of ethnic minorities and workers with disabilities, the explanations for the existence of urban poverty ghettos, the violation of trade union rights, labour arbitration, European human rights, and "good taxes" such as the Tobin tax. Finally, the ILO's just-released *World Labour Report 1997-98* is highlighted.

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

Full employment in the industrialized countries

Andrew BRITTON *

Work is not what it used to be. In many industrialized countries, the changes wrought in the labour market over the past 25 years are so profound as to be revolutionary. Technology has changed, markets have become much more competitive. Jobs are not perceived to be as secure as they were, hours of work are more varied and less predictable, and far more people are unemployed.

In 1970, unemployment in the OECD area totalled under 10 million, much the same level as it had been in 1950. The total in 1996 was over 36 million, some 7.6 per cent of the labour force. According to *The OECD Jobs Study* (OECD, 1994), perhaps another 15 million are not included in that total, either because they have stopped looking for work as they do not expect to find it, or because they have settled for a part-time job although they prefer to work full time. That is one measure of the difficulties facing anyone who seeks to "restore" full employment in the sense in which the term was understood a generation ago. Indeed to talk of "restoration" is itself misleading, given the fundamental changes in all aspects of the labour market which have taken place over the same period. However, starting from the situation as it is now, the question is how to define and then pursue the still valid objective of full employment.

Closer inspection of the unemployment figures shows that the situation is in fact very different between industrialized countries. In the United States unemployment is below 5 per cent and there has not been a marked upward trend over the postwar period. Indeed, since the mid-1980s, the trend has if anything been downward. In Europe, by contrast, unemployment rates of over 10 per cent have been common in recent years and the upward trend, although interrupted in the relatively good years of the late 1980s, is continuing in the 1990s, especially on the Continent.

Yet if one compares the pay and conditions of work experienced by unskilled workers, one finds that relative poverty in work is more widespread in the United States than in Europe. Does full employment therefore mean only that the unemployment percentage is held low, or does it also mean something

*Former Director of the National Institute of Economic and Social Research, London. An earlier version of this study was prepared for the ILO as a background paper for *World Employment 1996/97* (ILO, 1996). This version also draws on work done by the author as Executive Secretary of the Churches' Enquiry into Unemployment and the Future of Work (Council of Churches of Britain and Ireland, 1997).

Copyright © International Labour Organization 1997

about the kinds of job which are available and the incomes to be derived from them?

In June 1977, the OECD published the McCracken Report with the title *Towards full employment and price stability* (OECD, 1977). At that time there was little doubt that governments still regarded full employment as an appropriate objective of policy, and had quite a clear idea what it was supposed to mean. The problem was still seen as temporary, arising in part from the dislocation caused by the first oil shock. It was the result of "an unusual bunching of unfortunate disturbances . . . compounded by some avoidable errors in economic policy" (p. 14). The Group of independent experts concluded that "governments are right to aim at a progressive return to full employment and price stability" (p. 17). This was to be brought about by a gradual expansion of demand, supported by more direct action to create temporary jobs in the public sector and perhaps by prices and incomes policies. The question was how soon full employment could be restored, not whether it could be restored.

The OECD Jobs Study of 1994, by contrast, hardly refers to full employment. One sentence is particularly revealing: "There is no single recipe for full employment, but there is a menu of measures that can help move OECD economies towards higher employment with good jobs" (p. 41). Note the careful drafting, which leaves open the question whether there is any "recipe" for full employment at all, to be achieved by a careful selection from the long "menu" of policy recommendations that follows. Note also the no doubt deliberate reference to "good jobs", which is directed to the United States as much as to Europe. It implies that the objective is not just to get the unemployment statistics as low as possible.

In 1993 the Commission of the European Communities (CEC) published a White Paper called *Growth, competitiveness, employment — the challenges and ways forward into the 21st century* (CEC, 1993). In case this long title is not self-explanatory, it begins "Why this White Paper? The one and only reason is unemployment. We are aware of its scale, and of its consequences too. The difficult thing, as experience has taught us, is knowing how to tackle it" (p. 9). Nevertheless, unlike *The OECD Jobs Study*, the Commission's White Paper has a clear and quantified objective: "In order to reverse the disastrous course which our societies, bedevilled by unemployment, are taking, the European Union should set itself the target of creating 15 million jobs by the end of the century" (p. 11). This would be consistent with halving the rate of unemployment, from over 10 per cent in 1993 to, say, 5 per cent in 2000. This is described as "ambitious" but "not out of line with the past performance of the Community's economy or with what the performance of other economies would indicate to be possible" (p. 44). It is not made clear whether the Commission believes that 5 per cent unemployment is the final goal, or its definition of "full employment".

Defining full employment

The meaning of the expression "full employment" is by no means unambiguous. Some economists use the term as if it means simply that the

labour market is in equilibrium. That might be a definition of the "natural" or "sustainable" level of unemployment, but it is certainly not what the term meant in its original context. According to William Beveridge, the British prophet of full employment in the 1940s, it meant "having always more vacant jobs than unemployed men" (Beveridge, 1944, p. 18). Moreover those should be "jobs . . . at fair wages, of such a kind, and so located that the unemployed men can reasonably be expected to take them" (ibid., p. 18). He said quite explicitly that there should be a "seller's market" for labour (ibid., p. 19), in other words, excess demand in the labour market, not an equilibrium. That definition will not do today, at least so far as most of the OECD countries are concerned. The institutions are not in place with which to conduct the centralized pay bargaining and regulation of prices and incomes which would be necessary to suppress inflation if an excess demand for labour were to be a permanent condition, sustained for the indefinite future.

Full employment must indeed be an equilibrium position, but it must be an equilibrium that is acceptable on social as well as economic grounds. *The OECD Jobs Study* says of the unemployed that "their exclusion from the mainstream of society risks creating social tensions that could carry high human and economic costs" (p. 8). This shows some understanding of the social value of full employment, although it greatly underplays the gravity of the present situation. The current level of unemployment in many industrialized countries entails human costs of the utmost severity for many of those directly involved, costs including ill health, marriage breakdown and suicide. For those who are not themselves at present unemployed the costs are not nearly so great, although unemployment contributes to crime, racial violence and political extremism, as a result of which everyone in society suffers.

All this was well understood in the 1940s and 1950s. One of the main reasons why support for full employment as a policy objective was so widespread in Europe at that time was the knowledge that both fascism and communism could claim to have eliminated unemployment, which rendered both ideologies dangerously attractive to those who despaired of liberal democracy after the experience of the 1930s. That particular argument could not so readily be used today, given the record of comparative social and political calm despite years of high unemployment. The best arguments are perhaps simply an appeal for sympathy for those who are unemployed and, of course, the knowledge that where they are today any other citizen could well find him- or herself tomorrow.

The effects of unemployment and the quality of social life

A greater awareness of what the experience of unemployment means for the individual opens up a number of other perspectives on the issue. A distinct perspective is offered in the enquiry into unemployment and the future of work which was undertaken for the churches of Britain and Ireland (Council of Churches of Britain and Ireland, 1997). It is written from a Christian perspective, where work is not just a means of earning a living; labour is not just a cost

of production to be minimized in the interests of efficiency. Work is also a creative activity in which human nature and dignity find their expression. It is a form of service which, paradoxically, is also liberating. To be cut off from work impoverishes the individual, often causing psychological damage or spiritual anguish.

The effects of unemployment are well summarized in an article by Amartya Sen recently published in this *Review* (Sen, 1997). His main focus is on labour market participation as a dimension of economic inequality. A society in which a substantial minority is without work is an unequal society even if the consequences for income distribution are mitigated by generous social security provision. The present article takes the debate one step further: concern should be not only with individual well-being and how it is shared out. Something also needs to be said about the quality of social life itself. The churches' report puts it as follows:

> God has given us gifts of many kinds, making it possible for us each to play a part in the life and work of the community to which we belong. These gifts are intended for use, and they are not to be wasted. That is part of the tragedy of unemployment, one reason why we believe that it is offensive to God. The purpose of God for an individual, and for society as a whole is being thwarted. Society as a whole suffers if the gifts of God are wasted, because they are meant to complement one another. No one can achieve their full potential unless we all do so together (Council of Churches of Britain and Ireland, 1997, p. 71).

The redefinition of full employment is not just an academic exercise. Full employment is, and always has been, at the centre of political decision-making. The point of establishing an up-to-date model of full employment is to enlist once more popular support for its achievement. But this objective must be accompanied by the policy measures or feasible institutional changes required for its achievement and maintenance. One can readily accept the assumption in the Commission's White Paper: "If the solutions already existed, our countries would surely have applied them; if there were a miracle cure, it would not have gone unnoticed" (CEC, 1993, p. 9). But one can also share the judgement expressed in the same document that, provided there is readiness to meet the costs involved and not to move too fast, a great deal of improvement could in fact be made.

The rest of this article is organized as follows. The first part compares the economic, social and political conditions of the industrialized countries as they are now with those prevailing in the period before 1970 when total unemployment was very much lower. The second describes possible patterns of output growth and the use of labour in the industrialized countries which might be compatible with full employment at some time in the future. The third examines work organization, employment contracts and "atypical" forms of work. The fourth focuses on policies which would create jobs, in the short or the long run, and the difficult choices facing any country which takes seriously the objective of full employment.

Then and now

The world today is very different from the one in which, a generation or two ago, full employment was achieved and maintained. For one thing, the citizens of the industrialized countries are much richer and enjoy a far higher standard of living. In the United Kingdom, for example, it is a matter of continual anxiety and complaint that increases in productivity and prosperity do not match those of its neighbours or competitors. Nevertheless, between 1960 and 1990 the volume of United Kingdom gross national product at constant prices doubled.

The immediate postwar decade was a period of rapid growth and recovery, especially in the European countries and Japan which had suffered most economic damage as a result of the war. Initially it was a matter of reconstruction and a return to a peacetime use of resources. Then it was a matter of making up for the development which had not taken place during the interwar depression. But the remarkable fact is that economic growth was then maintained, even up to the present when all the set-backs suffered in the first half of the century have been overcome. Of course, growth has not been uninterrupted but, taken as a whole, the last 25 to 50 years have been a period of unrivalled prosperity for industrialized countries.

There is no clear indication that a saturation point has been reached in consumer demand, or that any limits to growth have yet emerged. Nevertheless these issues are clearly relevant in any discussion of future patterns of employment. If the implications of doubling the level of economic output had been questioned in 1960, some would surely have said either that most of their immediate wants and needs would be satisfied, or else that shortages of non-renewable resources would so raise the cost of further growth that it would not be worth while.

But, on the contrary, the urgency of alleviating perceived economic scarcity has hardly diminished. In the industrialized countries today it is not a matter of providing adequate food and shelter (that is taken for granted), but of enabling more of the population to share in what were once regarded as luxuries for the privileged few. People seem to be convinced that more economic growth is needed before better health or education can be afforded for those who are dependent on public provision. Relative poverty is actually increasing within many industrialized countries, though this should be seen in the overall context of a world where the majority live in absolute poverty. In the industrialized world, the question may be, for example, whether poor families can afford a colour television set, or must make do with a black-and-white one.

The constraints on economic growth may come some time in the future from pollution, or from shortages of fuel or raw materials. Concern about these issues has certainly increased over the past 25 years. This is most obviously true of the consumption of fuel, both in relation to its availability and to its effects on the global ecology. But the industrialized countries have demonstrated that it is possible to maintain growth whilst making significant economies in the use of energy, especially of oil. Whatever the long-term prospects for growth, the end is not yet in sight. The OECD's study *Long-term prospects for the world*

Table 1. Labour force as a percentage of the population aged 15 to 64, 1960 to 1990

	1960	1970	1980	1990
United States	66.8	67.6	70.9	75.8
Japan	75.8	72.0	71.8	74.1
Germany	70.3	69.5	65.4	69.1
France	70.3	67.7	67.6	66.6
United Kingdom	71.7	72.4	73.5	76.7
Italy	66.6	59.5	60.9	61.3
Canada	62.8	64.5	71.8	77.9
Total OECD	69.6	68.2	68.9	70.8

Source: OECD: *Economic Outlook: Historical Statistics*, Paris, various years, table 2.6.

economy predicts a good rate of growth well into the next century (OECD, 1992).

As countries became more prosperous, one might have expected that the need to work would be perceived as less pressing and that people would opt for more leisure. However, looking at the overall figures for participation in the labour market in OECD countries, this does not seem to have been the case.

Overall, the proportion of the population of working age actually in the labour force has remained remarkably constant. In North America it has increased substantially, whilst elsewhere, in France and Italy for example, it has fallen. The appetite for work, or for the consumption that it makes possible, does not yet show signs of growing stale.

A significant change has, however, taken place in the composition of the labour force. More women and fewer men are working. The increase in female labour force participation is, in part, a transfer of activities previously conducted outside the market economy into sectors where they are measured and included in economic statistics. In previous generations, more work was done in the household, for example the preparation of food, making and repairing clothes, child care and entertainment. The availability of new products and services, like the domestic freezer, the disposable nappy and so on, has rendered some of this work unnecessary. But an impression does also remain that women are simply working harder than they did in the past. As well as having a full- or part-time paid job, they retain responsibility for most household tasks. No accurate measurement or precise definition of work is possible outside the market sector, so this can be no more than an impression. Even if this impression is correct, however, it does not necessarily follow that half the population has perversely chosen to work harder and harder just when the need to do so has become less acute.

For many women the opportunity to participate in the labour market did not really exist until quite recently. Social convention required them to stay at home and look after their families, whether the families really needed their constant attention or not. This convention was reinforced by women's effective exclusion from many sectors of employment, and by unequal opportunities for pay and promotion. The increase in female labour force participation can therefore be seen as the response of women to a broadening of the options open

to them, the result of a progressive shift in social attitudes which is still going on today.

The decline in the male labour force participation rate can more readily be attributed to higher standards of living. This decline is partly due to an increase in the time spent in education, which can be described either as necessary preparation for work in a more technologically advanced economy or, better, as the extension to a wider section of the population of opportunities to participate in the cultural and creative life of society. Also, there is a trend to earlier retirement, partly because of the increased proportion of men with savings or occupational pensions. In some countries, notably in continental Europe, the State has become more generous in its support for those who do not enjoy good health in middle age. But the question remains of how many of those who retire early do so really from choice, and how many should be counted amongst the hidden unemployed.

Changes in technology have favoured the shift from a predominantly male workforce to one in which men and women will soon be represented in almost equal proportions. Heavy manual work was traditionally thought appropriate only for men. But jobs of this kind have largely been eliminated in most industrialized countries and sheer physical strength and stamina now count for little in the labour market. Women traditionally often found work in jobs requiring patience and dexterity, but these too are now being replaced by new machinery. Recently there seems to have been a phase of technical development in which "women's jobs" have been less at risk than "men's jobs", but this may not always be the case. Indeed, it may be that the pressure on employers to reduce the costs of employing men has been greater than in the case of women, simply because women were traditionally and still are paid less. As women come closer to parity in terms of pay they may also approach parity in terms of job insecurity.

The state of technology is, of course, a very important difference between "then" and "now" in the labour market, but it is not the only one. Rather than treating technological change itself as fundamental, it may be better to examine the economic, social and political factors determining the use to which new technology is put. For technical innovation does not happen in a social vacuum, but in response to a perceived need for change.

One of the most profound differences between "then" and "now" is the intensity of competition within and between the industrialized countries, as well as the extreme competition emerging from countries in other parts of the world where industrialization is proceeding rapidly. The period of full employment which followed the Second World War was characterized by extensive regulation of most aspects of economic life. Trade was restricted in order to protect industries which were threatened by foreign competition. Capital flows were controlled to stabilize exchange rates or to favour domestic investment. In many countries, domestic banks and other credit institutions were subject to instructions that rationed their lending at home as well as overseas. Except in the United States, it would be misleading to describe conditions in the advanced economies as freely competitive for two or more decades after the war. They were mixed economies in which the "invisible hand" of the market

was often replaced by the "visible hand" of the politician or the administrator.

Such state intervention has very profound implications for the objective of full employment. Employers who have a relatively secure position in the product and capital markets, and who value their relationship with the State more than their relationship with their customers, can afford to take a relatively relaxed attitude to labour costs. They do not need to worry all the time about maximizing profits or the value of their shareholders' capital. They may even take pride in creating employment as a means of contributing to the society to which they belong. In a perfectly competitive market, however, employers who think like that soon go out of business.

In today's competitive market conditions, firms cannot bear the costs of meeting social objectives. If they pay higher wages to reduce poverty amongst the working poor, then they lose market share. If out of a sense of social solidarity they improve conditions of work or provide greater security of tenure they find themselves undercut by firms which are single-minded about pleasing their customers. If one State puts the burden of social expenditure on its firms in the form of taxes or social contributions, then they are less able to compete with firms abroad which do not have the same obligations.

The tendency throughout the industrialized world has been towards increased competition, though this has gone further in some countries than in others. Broadly speaking, an American model and a European (and, perhaps, a Japanese) model have co-existed for many years. The American model emphasizes competition and deregulation, the other model relies more on cooperation, planning and political control. Despite all the criticism to which it has been subjected, the American model continues to gain ground.

In the postwar period, governments took on new responsibilities for economic management, including the commitment to full employment. It was thought right in some countries that sufficient powers be given to the State to ensure that this commitment would be met. The State was to be an active participant in the economy, running large sectors of industry directly and employing a large proportion of the labour force itself. The experience of wartime had created an expectation of government initiative and a willingness to accept government control. This was true for a time in most European countries, but it was never true to the same extent in the United States. Today, in political as well as economic terms, all the industrialized countries have moved in the direction taken by the United States.

Nevertheless, there is still political support for collective action in pursuit of social objectives. There is widespread concern about the consequences of poverty and unemployment. The OECD and CEC reports already cited both bear witness to this. The question is rather what role is considered appropriate for the State, as compared with the situation 25 or 50 years ago.

Some would answer that the State should withdraw even further, abolishing regulations which hamper economic development or make countries uncompetitive. Some would say that welfare or social security payments should be less generous or subject to tighter conditionality, so as to reduce their cost to the taxpayer or to oblige the unemployed to accept any available job. Others

would say that the State is still responsible for deciding the institutional framework within which economic activity takes place. They would press for reform to the structure of taxation and public expenditure, so as to provide more incentives within a market system for the creation of new or better jobs. They might emphasize the State's continuing responsibility for the education system and its effects on vocational training. They might press for the reform of labour law or of the commercial law affecting the governance of large companies. Still others would say that in the last resort it is up to the State to offer some form of job guarantee when the labour market fails to deliver full employment.

In short, one could describe the postwar decades as a period of solidarity, and the current period as one of individualism. This seems to be true not only of economic relationships: there has been a decline in all forms of participation in the industrialized countries; religious allegiances have been weakened, at least in Europe; family ties have loosened. Whatever one's attitudes towards these trends, any analysis of full employment as a policy aim must take them into account. It is not enough to echo the words used in the 1940s and 1950s, as they no longer have the same resonance today. Words, and proposals for action, must be found appropriate to how things are now, not how they were long ago.

Possible patterns of economic activity consistent with full employment

No single level and composition of output and employment consistent with full employment may be observed in the industrialized world today. So it is helpful to sketch out several possible scenarios, some of which will be more credible than others.

More of the same

Perhaps the simplest scenario to imagine is one in which full employment is attained by proportionally expanding output of all kinds until the demand for labour rises as high as is required. The starting point is a base line from which output would grow in line with trend at, say, 2.5 per cent a year for the whole of the OECD area. On top of that would be superimposed a growth spurt over the next five years sufficient to bring unemployment down from an average of about 8 per cent to about 3 per cent. The number of extra jobs to be created would exceed 5 per cent of the labour force, because of the inclusion of workers who would otherwise be retired or inactive. The OECD puts the ratio of open to total unemployment at about 7 to 10, so the scenario could involve extra employment amounting to some 7 per cent. Let us suppose for the moment that the rise in output would be proportionate to the rise in employment. In the short term, output commonly rises and falls more than in proportion to employment, but this is thought to reflect caution or inertia in hiring or firing staff. When adjustment to a new level of activity is complete, a one-for-one response becomes more plausible — a situation which is consistent with past experience.

Hence, all that would be needed is a level of output some 7 per cent higher than it was at the base line. Spread over five years, that would means extra growth averaging just 1.4 per cent a year — nothing very dramatic. Given the initial dispersion of unemployment across countries, however, the extra growth would have to occur much more rapidly in some countries (Spain, for example, or Finland or France) and be almost non-existent in others (most notably, Japan).

A permanently higher level of activity would require extra investment in all kinds of physical capital. It would mean 7 per cent more plant and equipment, 7 per cent more houses and roads to be built. For the first few years, extra resources would have to be diverted from consumption into investment to achieve this result, but in a growing economy this presents no serious problem.

It would also be necessary to achieve a 7 per cent increase in the value of human capital, i.e. in the skills and experience of the workforce. In particular, workers who would otherwise have been unemployed or inactive would need to increase their productivity up to that of the average worker in the economy. This is perhaps one area where the feasibility of this scenario is open to doubt. Would it in fact be possible, by a programme of extra education and training, to equip those at risk of unemployment with the skills necessary to produce "more of the same"? That may seem too optimistic an assumption.

Another difficulty could arise with the cost of imports from outside the OECD region. A higher level of activity would imply higher demand for basic materials and fuels. This in turn would imply higher prices on world markets. Moreover, exports to countries outside the OECD region would have to be cheaper in order to find a market. Thus the living standards of the OECD countries as a whole would not rise by as much as 7 per cent, and some of the benefit would spill over to the rest of the world. There might be some danger that this constraint on the growth of real incomes at a time of strong growth in output would set off an inflationary spiral of conflicting claims.

It is not out of the question that full employment could be achieved in this way. Some economists believe that the problems of inflation which followed each period of boom in the world economy since the 1970s resulted from the speed of growth and not from the absolute level of output relative to its trend. If the slack were taken up slowly, they maintain, there would be time to adapt the capital stock and to train the labour force so that there would be no bottlenecks either of physical capacity or of skills. Some recent experience in the United States and in the United Kingdom seems consistent with that optimistic view, but it is very difficult to be confident that it is correct. Moreover, the jobs which are being created in both those countries are relatively low paid and often temporary. So it is not really a case of "more of the same". What is happening is that some sectors of the economy are becoming more labour-intensive and it is in those sectors that the unemployed are finding work.

More low-skilled jobs

A scenario that would require the creation of large numbers of low-skilled jobs in the industrialized countries would face two obvious difficulties: technology and trade.

Table 2. Annual growth of employment in services

	United States	Japan	Germany	France	Italy	United Kingdom
1969-79	3.8	2.7	1.8	2.5	2.7	1.7
1979-92	2.5	2.2	2.1	1.9	2.6	1.7

Source: OECD data base.

The commonly held view is that new technology is making low-skilled employment obsolete. Only those who have mastered the latest developments of information technology and can use the latest generation of equipment can find a place in the labour force. This is probably the wrong picture to draw. Firstly, those who operate sophisticated computers may be those most at risk of redundancy, as information storage and retrieval are just the kinds of task which more intelligent machines will take over next. A very few people with PhDs will design the hardware, which writes the software, which runs the machines. Secondly, there are some apparently unskilled tasks, well within the capacity of a pre-school child, that intelligent machines cannot do at all. Most importantly, there are tasks which depend on human relationships which computers may mimic, but never in fact perform.

The difficulties presented by trade should also be seen in perspective. It is probably true that there is relatively little future for low-skilled labour in making cheap goods in the industrialized countries. To the extent that it is possible, this scenario depends on the payment of wages comparable with those paid in less developed countries. A few workers, for example some home-based or self-employed workers, do survive on such low pay in the industrialized countries, but this is usually because the household has more than one source of income and often because taxes are unpaid and regulations not observed. In any case, the real question is whether this is what full employment means in the industrialized countries, bearing in mind the quotation from Beveridge about "jobs at fair wages" and the OECD's objective of "higher employment with good jobs."

In a rich society, "good jobs" with "fair wages" can be created in the sectors which do not compete with countries where jobs are not "good" by the standards of the rich, and where wages are not "fair" either. In the United States, in particular, it is striking how much of the recent growth of employment has been in the service sectors.

To take just one example, the workforce in private health care in the United States rose from 1.5 million in 1960 to 7.8 million in 1990; and in 1990 it accounted for 7.7 per cent of total employment in that country. This second scenario, therefore, would show a very rapid increase in service sector employment in Europe, comparable with that observed in the United States.

It is often said that in Japan the problem of unemployment is replaced by severe underemployment of labour in services and by the persistence of tasks which in Europe or the United States would be performed by machines (or not at all). However, this may be a better solution than tolerating high levels of

overt unemployment for extended periods of time. Here again, the question is what is the point of full employment, and what really constitutes success. Surely the first requirement is that the people who are working should be doing something useful. If the Japanese solution is actually a kind of ritualized idleness then it is not really a solution at all. If finding creative employment for all the population seems impossible, then the temptation is to look at the possibility of reducing the size of the labour force.

Reducing the supply of labour

The third scenario depicts a quite different possibility: instead of the demand for labour being increased, the supply is reduced. A more equitable distribution of jobs might thus be achieved, so that those most anxious to work could do so. Everyone would get a chance to work for part of the time, or for part of their lives, but not full time from adolescence through to old age. Though such a scenario could not be called "full employment", it might nevertheless eliminate the worst social consequences of unemployment as it is now experienced. This approach is not taken very seriously by most professional economists, and hardly features at all in *The OECD Jobs Study* or the CEC White Paper, but it is almost always mentioned as a possibility when unemployment is discussed by the general public.

Some people consider that work is intrinsic to human nature, part of the experience and behaviour of people in virtually all cultures and societies. The urge to work may be motivated by the need to support oneself and one's dependants or by a wish to serve others or simply by the joy of creation, but the main difference between work and leisure is that work is instrumental: it is not done just for its own sake but for the sake of the product. The possibility (already discussed) that, as the industrialized countries get richer, more people will opt for leisure rather than work is one reason for a reduction in the supply of labour. Another possibility is that people will always feel the need, or the duty, to work, but that they may withdraw from paid work, in particular from regular employment.

It is very unlikely that large numbers of women will chose to go back to being housewives. However, more men and women may see the merits of being able to spend more time on home responsibilities by working part time, or of taking a career break when they have young children to look after. Periods of education may be extended, with more opportunities made available for sabbatical leave in mid-career or for lifelong learning through part-time study. If the trend to early retirement continues, more people will be free to engage in voluntary work in their local community. Workers may opt for shorter hours or longer holidays, so that they can decorate their own homes, grow their own vegetables, or play in an orchestra. But the awkward question remains as to who will provide these people with an adequate income as they engage in all these admirable non-market activities.

One answer, actively discussed since the 1930s if not before, is that the State should pay a basic income to all citizens without any conditions, financed

out of general taxation. This would replace welfare and social security payments as well as any personal allowances against income tax. Few would argue that the rate of taxation should be set high enough to provide an adequate income for all in this way, but a low rate might be sufficient to help support those who have some savings or pensions or family income, or who are doing paid work on a part-time basis. To make the extra tax more acceptable to those who pay it, it has been suggested that receipt of the basic income could be conditional on some form of unpaid work or contribution to the common good, as suggested by the *Revenu minimum d'insertion* in France.

Those who see a reduction in the supply of labour as offering a solution to the problem of unemployment advocate policy measures to encourage it. One is reminded of the provisions of the European Common Agricultural Policy under which land is "set aside" and not cultivated, so as to limit the excess of food production. Should labour also be "set aside" so as to ease the excess supply? If the programme is to be voluntary, then there would have to be compensation, which would prove expensive. It would also be difficult to ensure that those who volunteered to leave the labour force did not in fact undertake paid work as well as drawing their compensation from the State. That idea is not attractive.

Supposing, however, that for one reason or another, the supply of labour were reduced, would this actually solve the unemployment problem? In a competitive labour market it is natural enough to assume that a reduction in labour supply will raise average wages. That, in turn, might make it more attractive for some of the unemployed to take jobs rather than subsist on welfare or social security. However, this effect would be nullified if the level of state benefit payments were raised in line with the increase in average earnings. The most helpful solution would be for a relatively large number of unskilled workers to opt out of the labour market, raising the wages for unskilled work relative to those for skilled work and, hence, making unskilled work more attractive for workers who would otherwise receive benefit. But it is precisely the unskilled workers who are least likely to be able to support themselves outside the labour market and, therefore, who are least likely to opt out of the labour market.

Discussion of unemployment and the labour supply is sometimes conducted as if the demand for labour was fixed and also homogeneous. On that assumption, it is obviously true that the withdrawal of any group of workers leaves jobs open for the unemployed to take. But this is much too simple a view. The demand for labour in total depends, amongst other things, on its price. And different kinds of labour cannot readily be substituted one for another.

Forms of employment contracts

An analysis of the objective of full employment must nowadays take account of the many different forms that the employment relationship can take. If paid work is available for all, the question remains of the terms on which it is available and of the rights and obligations of both sides to the contract. The present period is one of innovation. Historically, most paid work was undertaken

Table 3. Non-agricultural self-employment in OECD countries (percentage of labour force)

	Levels in late 1980s	Change from late 1970s
Portugal	15	+3
Spain	18	+3
Ireland	12	+2
Italy	21	+3
United Kingdom	11	+4
Australia	12	+1
Belgium	13	+2
Netherlands	7	—
Austria	6	−4
France	11	—
Germany	8	—
Finland	6	+2
Denmark	7	−2
Canada	7	+1
Sweden	4	—
Japan	13	−1
Norway	6	−1
United States	7	—
Luxembourg	7	−2

Source: ILO, 1990, table 5, p. 18, and table A.3, p. 110.

on a standard contract of full-time employment with fixed hours, specified days and weeks, and within tacit, but well-understood agreements about what constitutes reasonable behaviour. The legal framework always differed from one country to another, with much more extensive regulation in continental Europe, for example, than in the United States. The expectation of continuity of employment and the strength of loyalty to the firm were particularly marked in Japan. But the situation is now more fluid everywhere.

At one extreme of the range of possible employment relationships is the self-employed worker, who sells goods and services rather then the labour to produce them. The long-term trend has been for this form of activity to decline. At present, non-agricultural self-employment is most prevalent in relatively low-income countries, as the ILO study *The promotion of self-employment* showed (ILO, 1990). This ranking is evident even if the OECD countries are taken in isolation from the rest of the world (see table 3).

However, as the table shows, in a number of industrialized countries the proportion of the labour force which is self-employed increased in the 1980s, reversing the long-term trend. One reason, suggested in the ILO study, may be that the increase was a response to high and rising unemployment, with workers attempting to set up independently when opportunities for regular employment proved poor.

However, observation of the situation in the United Kingdom, where the increase was exceptionally marked, suggests that this was not the whole story. For individuals who are naturally ambitious, hard-working and enterprising, self-employment offers a much more rewarding way of life than working for

Table 4. Numbers of offices of temporary work agencies, selected OECD countries

	1969	1988	1992
France	450	3 250	5 011
Germany	–	1 397	2 400
Japan	126	1 580	9 731
United Kingdom	1 200	7 500	9 000
United States	2 300	7 200	15 000

Source: ILO, 1994, p. 27.

someone else. These are qualities which in the 1980s gained social acceptance and esteem such as they had not enjoyed for at least a generation. The freedom of some self-employed workers to chose their own hours of work and decide how their own working lives are organized is no doubt another attraction. But the risks, of course, are high, and many small businesses fail every year.

Along the spectrum between traditional self-employment and the traditional employment relationship lies a whole range of possible contractual agreements. They may be temporary employment contracts, which offer no more security than would follow from one large order for work placed with a worker who is classified as self-employed. They may be part-time contracts which leave the worker concerned needing to find more than one such job, in order to earn a full-time wage. The hours of work may even be left unspecified, so that the worker is paid only when work is available in the firm, and the business risk is thus shifted from the employer to the employee, as it would be if the employee were running a separate business. These atypical forms of employment contract remain illegal in some countries, but are tending to grow wherever the law permits.

In these circumstances, it is not surprising to see a growth of private sector employment agencies. They can act as brokers or market-makers in this more flexible labour market, where trading is in contracts of short duration. The ILO study, *The role of private employment agencies in the functioning of labour markets*, shows how rapidly temporary work agencies have increased in countries where they are permitted by law (ILO, 1994). Table 4 reproduces some data from that report.

There seems to be a growing need for agencies of this kind to take over, in effect, some of the functions of the personnel departments of large firms, preferably including the provision of careers advice to those who find the flexible labour market strange and perplexing.

Amidst all this innovation the real advantages of a long-term employment contract should not be lost sight of. From the point of view of the employer, such a contract minimizes the costs of hiring and firing. The turnover of staff, when it occurs at the instigation of the employee, is a constant cause of complaint by employers. Costs are also incurred by the employee, especially if a job change entails moving home or experiencing a period of unemployment between jobs. Such costs are borne not only by the employee but also by his or her family and friends.

Employment almost invariably involves a social relationship as well as an economic one. In particular, the two cannot be separated in the sorts of job which can be done effectively only once friendly relationships have been established with colleagues or business associates. There are costs involved in building and rebuilding such relationships when job changes are frequent.

One of the most serious drawbacks of temporary employment is the implication for the provision and funding of vocational training. An employer in a competitive market will provide only training which is of value to the employee in that business. If the employee expects to change jobs, then the responsibility for and cost of training cannot be shifted, and relatively few employees have the capital necessary to train themselves as thoroughly as would be worthwhile.

Long-term employment relationships exist for good economic and social reasons and are unlikely to disappear, though they may become the prerogative of the highly skilled few rather than the expectation of nearly all. This, too, is changing quite profoundly the meaning of the expression "full employment". For the majority it may mean a succession of short-term jobs, with gaps in between, but with sufficiently high rates of pay when in work to prevent the periods of idleness from being periods of poverty and in a sufficiently active market to prevent them from being periods of anxiety or despair.

Historically, trade unions provided their members with an element of security in uncertain and fluctuating economic conditions. They were a source of information about job vacancies and arranged mutual support during periods of unemployment. In most industrialized countries this function has been largely superseded by state provision of benefits and government or commercial employment agencies. The changes now taking place in labour markets suggest that the nature of trade unionism may need to adapt once more.

Wage bargaining has become increasingly fragmented in some industrialized countries, so that rates of pay are now being negotiated with small groups or even with individuals. In the postwar period when full employment was achieved, the cooperation of trade unions was crucial. Unions were often in a position to determine the growth of pay for the majority of the workforce and, hence, to have a powerful effect on the rate of inflation. Full employment could only be maintained if unions showed some restraint in the use of their monopoly power. That power has now been taken away, not only in the private sector but to an increasing degree in the public sector as well, along with most of unions' political influence. In order to survive, and to serve their members well, trade unions need to take on a rather different role, concentrating more on the concerns of individuals and less on the organization of mass support for industrial action.

Undoubtably there will always be a need for employee representation and collective bargaining over a range of issues, including pay. In today's competitive product and capital markets, firms have no choice but to focus on serving the interests of their customers and shareholders. Employees can no longer easily find a job elsewhere, and it is not in their interests (or in the interests of the firm itself) that they should be footloose. Hence labour cannot rely solely on market force to ensure that it is well treated. An element of solidarity is needed as well.

It remains true that relations between employers and employees are crucial to the achievement of full employment. There has to be some recognition of a common interest in the creation and preservation of jobs. In many countries today it is very difficult to see how that concern can find its expression through collective bargaining at a national level, or in deals which involve central government. The alternative is to seek ways of expressing it at a more local level, in individual organizations or firms. This may indeed be happening already. The persistence of a low rate of inflation during economic recovery in the 1990s may owe something to a shift of priorities towards job preservation rather than growth in earnings, one learnt from hard experience during the preceding recession. If so, this may be a sign that the upward trend in unemployment can at last be halted.

Policies to achieve full employment

In 1991, David Worswick, another Director of the National Institute of Economic and Social Research in London, published *Unemployment: A problem of policy*, entitled thus in deliberate contrast with the study by William Beveridge, published in 1909, which had the title *Unemployment: A problem of industry*. The present article is also written on the assumption that governments have a responsibility for the economic and social well-being of the citizens of their countries, including the objective of full employment. In fact, however, there is some ambiguity about the commitment of most governments to that aim. They may claim that their approach to economic policy will enable industry, or the private sector more generally, to create jobs, whilst denying that governments can actually create jobs themselves. This is not a distinction to which great importance will be attached here. The main concern is simply that governments should do things which will result, directly or indirectly, in more jobs being created.

The reports of the OECD and the Commission of the European Communities already mentioned above, and the commentary in successive issues of the *World Economic Outlook* of the IMF, all emphasize that little or nothing can be gained in the long run simply by raising the pressure of demand in the industrialized countries. No doubt governments or central banks could do this, individually or collectively, by reducing interest rates and by increasing public sector borrowing. In the short run this could stimulate growth of output and employment, but experience as well as mainstream economic theory suggest that it would stimulate only faster inflation in the longer term.

The long term may in fact be very long indeed. A study was carried out at the National Institute of Economic and Social Research, using the world econometric model, GEM, to estimate the consequences of a combined fiscal and monetary expansion in all countries of the European Union (Barrell, Pain and Morgan, 1995). This showed the output and employment gain as continuing for more than ten years, although at some cost in terms of higher inflation. These results are typical of those produced by most estimated models of this kind. Probably the best conclusion to draw is that demand expansion on its own

Table 5. Social insurance and tax at average earnings, 1991

	SIC rates		Income tax	"Tax wedge" as percentage of private cost to employers
	Employer	Employee		
Belgium	41.9	12.1	11.6	46.2
Denmark	—	2.5	36.0	38.5
Germany	18.2	18.2	8.7	38.1
France	43.8	17.1	1.0	43.1
Ireland	12.2	7.8	16.4	32.4
Italy	50.1	9.0	14.2	48.9
Netherlands	10.8	10.7	32.5	48.8
Portugal	24.5	11.0	0.9	29.2
United Kingdom	10.4	7.6	15.5	30.3
United States	7.7	7.7	11.3	24.8
Japan	7.6	7.0	2.4	15.8

Source: Drèze and Malinvaud, 1994, table 3, p. 264.

is not enough, but that some such expansion is appropriate in conjunction with measures aimed at lowering the level of unemployment on a long-run basis.

Demand expansion, if it can be maintained, benefits virtually everyone. That is what makes it so popular in political terms. It raises output, profits, wages and employment, all at the same time. It involves cutting interest rates and cutting taxes or raising public spending. It has all the appearance of a painless cure. Typically, however, the measures needed to achieve full employment on a lasting basis, those which make a lower rate of unemployment sustainable in the long term, involve both gains and losses. They are much less comfortable for politicians to propose.

It is generally accepted by economists of all schools that unemployment could be reduced on a permanent basis if the cost of employing relatively unskilled labour could be sufficiently reduced. This could be done by reducing, or indeed abolishing, the burden of taxes and social security contributions paid by both employers and employees towards the lower end of the wage distribution. In some countries these contributions are very heavy, as shown in table 5.

A costed proposal to switch the burden of such taxation on to Value Added Tax and a carbon tax was published by the distinguished French economists Jacques Drèze and Edmond Malinvaud (1994). The switch of taxation amounted to about 3 per cent of European gross domestic product. A proposal of a similar kind appears in the Commission's White Paper although, significantly perhaps, the scale of tax switch is reduced to 1 or 2 per cent of GDP. It is no doubt difficult, in political terms, to argue for large tax increases of any kind. Increased rates of VAT and a carbon tax would hit some groups very hard. An attempt by the British Government to increase the tax on domestic fuel was unable to secure a Parliamentary majority.

One of the problems facing any serious attempt to raise employment in most European countries is the constraint on employment in the public sector.

As already indicated in this article, there is vast scope for increased employment in services such as health care, education or environmental improvements. But these are largely public sector activities in most European countries, funded mainly out of general taxation or social contributions. *The OECD Jobs Study* is very clear in its prescription: "New jobs must certainly be generated by the private sector, because in nearly all countries budget deficits and resistance to tax increases rule out significant expansion of the public sector" (1994, p. 33). But that is to say, in effect, that there can be little or no growth of employment in precisely those service sectors where the prospects are best for matching the supply and the demand for labour.

If resistance to tax increases cannot be overcome, the implication must be that any growth of activity in these service sectors will be paid for by charges to patients, pupils or the users of public amenities, which would also doubtless meet with resistance. The question is the relative priority of full employment and of other objectives.

No doubt the unemployment figures, especially in Europe, could be reduced substantially if benefit levels were cut or entitlement curtailed. The result would be an increase in poverty both for those who were still unemployed, and for those who were obliged to accept low-paid jobs. This would be the implication of imitating in Europe the United States system of insurance and welfare. This proposal is seldom put explicitly but seems to underlie some of the recent discussion of policy options in inter-governmental organizations. For example, in an IMF publication it is said to be "questionable whether European labour market regulations and institutions actually reduce income inequalities" (IMF, 1994, p. 37). In other words, the European system may cause as much poverty by increasing unemployment as it prevents by requiring minimum levels of pay and social security benefits.

The objectives of policy and the meaning of "full employment" must therefore be made clearly. Does the United States pattern count as success? Most Europeans would say that it does not: for them "full employment" means both more jobs and better pay. This objective will not be easy to achieve, but making it explicit will certainly help clarify the debate.

This does not rule out reform of the benefit system as one element of policy designed to improve employment prospects. The incentive to accept a job could be improved by introducing in-work benefits which reduce the severity of the so-called "poverty trap". The United States negative income tax can be seen as a reform of this kind.

If funds are available to support employment, then it is worth debating whether they are better spent as in-work benefits or as employment subsidies. In the first case, they can be targeted directly at the individuals or families most in need of income or of the incentive to work. In the latter case, they can be targeted at particular kinds of employment, and the danger that some workers will be stigmatized as needing public support will be avoided. Either approach requires a willingness to spend public money in pursuit of full employment, and hence a willingness to raise taxation in order to finance it.

Some special employment measures are described as "self-financing". This

means that the cost saving to the public sector from the reduction in benefits to the unemployed offsets all the subsidy paid to create the job opportunities. In practice it is never possible to check whether this is true or not. In the absence of a subsidy, some of the unemployed would have found work anyway, but there is no way of knowing how many. The subsidy would cause some workers to lose their jobs because they are, directly or indirectly, in competition with workers who are subsidized. Again, the magnitude of the problem cannot be ascertained. The impression of a cost-less cure for unemployment may be comforting, but one can never know whether it is justified.

The case for a "job guarantee" by the State does not really rest on a calculation of what it would save in terms of public expenditure on unemployment benefits. It rests on the belief that full employment is a social objective and that no member of society should be told that there is nothing useful for them to do. It would shift some of the responsibility for finding a job away from the unemployed person to an agency operating on behalf of the State. If such an agency could make a number of reasonable job offers to an unemployed person, then it would be open to question whether benefit should be paid to those who persistently turn down such offers. The precise terms of such offers, and the options open to those who refuse them, would determine the character and the acceptability of such a scheme. In the United Kingdom the "New Deal" for young people who have been unemployed for more than six months will offer subsidies to employers or work in the voluntary sector, but continued receipt of benefit will *not* be an option.

Originally, special employment measures, such as youth training schemes, retraining for those made redundant, projects in the public sector and subsidies for particular classes of workers, were all seen as temporary expedients. This was clearly expressed in, for example, the 1977 McCracken Report (OECD, 1977). It did not matter so much, therefore, how efficiently resources were used or how they affected the rest of the labour force. If it is now decided that the need for such measures is likely to be permanent, so that full employment can be both achieved and sustained, then much more care must go into the choice of the work to be undertaken and the terms on which it is done.

Programmes involving intensive remedial education or counselling would require large numbers of well-motivated teachers and counsellors. It may be better if they are run by the voluntary sector than by public servants, but in any case there are limits to the numbers who can be included in such programmes at any one time. Equally one must guard against setting up, as a permanent feature of society, a second-class labour market in which the workers are as isolated and marginalized as they would have been if they had remained unemployed. The details of a job guarantee scheme would, of course, be very important, but such a scheme could represent the direction in which the debate over policies for full employment should be moving.

Conclusions

Full employment could prove to be a nightmare. It could amount to a return to the conditions of the nineteenth century. It could mean that workers become so impoverished that they are obliged to accept work which is exhausting, soul-destroying or unsafe. It could mean the direction of labour and the loss of personal freedom.

If, therefore, full employment is adopted as an objective it must be accompanied by conditions rendering it acceptable. Those conditions include the distribution of income, the preservation of decent employment conditions and the right to choose whether to work or not. Thus defined, the objective is ambitious, but not necessarily unattainable.

The most promising route to full employment in the industrialized countries, especially in Europe, involves the creation of very large numbers of jobs in the service sectors. This would require expansion both of the public sector and of the private sector. It would have to be paid for by higher charges for services as well as by higher taxation. A general subsidy, or a tax reduction, to improve incentives to employ relatively unskilled labour could be helpful. Other taxes, possibly VAT or a carbon tax, or income taxes on the relatively well-paid, would have to be raised to finance these measures. In political terms this would be difficult, but not necessarily impossible.

Even with the demand for labour increased by these reforms, a substantial number of people would still have difficulty in finding or keeping a job. For them, the State could simply provide an income, as is commonly done — although with increasing reluctance — in many European countries today. A better solution would be for the State to provide offers of work, at reasonable rates of pay, either in the public or the private sector. It would then be reasonable to expect unemployed people to choose between several such offers, and not simply remain unemployed.

Full employment does not mean that everyone is in fact employed. As the industrialized countries get richer, it becomes possible for more people to retire early or to reduce their involvement in the labour market in other ways. Amongst those who remain in paid work, more people may chose to be self-employed or to have an "atypical" work contract. These are not developments which should be resisted. In a society where men and women enter the labour market on equal terms there is a particular need for a variety of contractual arrangements. The traditional full-time contract with security of tenure has its merits, for both employer and employee, but it does not suit everyone.

Full employment does not mean that no one is ever unemployed. More frequent job changes entail periods of job search. This is acceptable provided that the periods are short and that living standards can be maintained. What is unacceptable is long duration unemployment for any individual, and periods when jobs are simply not available or regions where no jobs are created. The current and recent experience of most industrialized countries could be described as unacceptable for all those reasons. That is why the call for full employment is still apposite today: as put in the report of the Churches' Enquiry into

Unemployment and the Future of Work (Council of Churches of Britain and Ireland, 1997), there could and should be enough good work for everyone.

References

Barrell, Ray; Pain, Nigel; Morgan, Julian. 1995. "The world economy", in *National Institute Economic Review* (London), No. 153 (Aug.), pp. 30-58, esp. Section IV.

Beveridge, William H. 1944. *Full employment in a free society*. London, Allen and Unwin.

—. 1909 and 1930. *Unemployment: A problem of industry*. London, Green and Co.

CEC. 1993. "Growth, competitiveness, employment: The challenges and ways forward into the 21st century. White Paper", in *Bulletin of the European Communities* (Brussels), Supplement 6/93.

Council of Churches of Britain and Ireland. 1997. *Unemployment and the future of work: An Enquiry for the Churches*. London.

Drèze, Jacques H.; Malinvaud, Edmond. 1994. "Growth and employment: The scope of a European initiative", in *Revue de l'OFCE* (Paris), No. 49 (Apr.), pp. 292-295. Executive summary in English of French original: "Croissance et emploi: l'ambition d'une initiative européenne", in ibid., pp. 247-288.

ILO. 1996. *World Employment 1996/97: National policies in a global context*. Geneva.

—. 1994. *The role of private employment agencies in the functioning of labour markets*. Report VI, 81st Session of the International Labour Conference. Geneva.

—. 1990. *The promotion of self-employment*. Report VII, 77th Session of the International Labour Conference. Geneva.

IMF. 1994. *World Economic Outlook*. Washington, DC. May.

OECD. 1994. *The Jobs Study: Facts, analysis, strategies*. Paris.

—. 1992. *Long-term prospects for the world economy*. Paris.

—. 1977. *Towards full employment and price stability*. The McCracken Report. A report to the OECD by a group of experts. Paris, June.

Sen, Amartya K. 1997. "Inequality, unemployment and contemporary Europe", in *International Labour Review* (Geneva), Vol. 136, No. 2 (Spring), pp. 155-172.

Worswick, G. David K. 1991. *Unemployment: A problem of policy. Analysis of British experience and prospects*. Cambridge, Cambridge University Press.

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

Theories of occupational segregation by sex: An overview

Richard ANKER *

Occupational segregation by sex is extensive in every region, at all economic development levels, under all political systems, and in diverse religious, social and cultural environments. It is one of the most important and enduring aspects of labour markets around the world.

There are several reasons to be concerned with occupational segregation. It is a major source of labour market rigidity and economic inefficiency. Excluding a majority of workers from a majority of occupations, as at present, is wasteful of human resources, increases labour market inflexibility, and reduces an economy's ability to adjust to change. With the globalization of production and intensified international competition, these factors have assumed greater importance.

Furthermore, occupational segregation by sex is detrimental to women. It has an important negative effect on how men view women and on how women view themselves. This in turn negatively affects women's status and income and, consequently, many social variables such as mortality and morbidity, poverty and income inequality. The persistence of gender stereotypes also has negative effects on education and training and thus causes gender-based inequalities to be perpetuated into future generations.

The segmentation of occupations on the basis of workers' sex is thus an important labour market phenomenon deserving greater attention from policy-makers and lay persons concerned about equality, efficiency and social justice. This is demonstrated in the major new study undertaken by the present author (Anker, forthcoming) — with international comparisons and experiences providing especially valuable insights. The purpose of this article, which is drawn from that study, is to review the principal explanations for the existence and persistence of occupational segregation by sex. That is a necessary first step towards understanding the phenomenon in order then to deal with it. This article concludes with some observations on the relative value of the various theories in explaining occupational segregation.

* ILO, Geneva.

Copyright © International Labour Organization 1997

Theories and explanations

Researchers usually distinguish between labour supply and labour demand factors when explaining occupational segregation by sex. Factors related to labour supply generally focus on why women "prefer" certain types of occupation — for example, women may "prefer" those with flexible hours in order to allow time for child care, and may also "prefer" occupations which are relatively easy to interrupt for a period of time to bear or rear children. Explanations related to labour demand focus on why employers generally "prefer" to hire women or men for particular occupations and why women and men have different opportunities for promotion and career development within firms.

The word "prefer" was put within quotation marks because, even when an individual chooses to accept work in a particular occupation or an employer chooses to employ either mainly men or mainly women, these decisions are influenced by learned cultural and social values that often discriminate against women (and sometimes against men) and stereotype occupations as "male" or "female". In other words, this "preference" is largely determined by learned, gender-related factors.

Theories explaining the existence of occupational segregation by sex can be classified into three broad categories: neo-classical and human capital theories; institutional and labour market segmentation theories; and non-economic and feminist or gender theories. Although these sets of theories overlap, this classification none the less provides a useful basis for discussion.

Before proceeding, it is important to point out that most of the research literature dealing with occupational segregation by sex is *not* concerned with occupational segregation *per se*, but with the effect it has on female-male pay differentials. For this reason, many theories and explanations treat the determinants of occupational segregation by sex and of male-female pay inequality as if these phenomena were the same. This is unfortunate, since female-male pay differentials have many sources and occupational segregation by sex is only one of them. Furthermore, sex segregation of occupations is an important topic in its own right.

The neo-classical, human capital model

Neo-classical economics assumes that workers and employers are rational and that labour markets function efficiently. According to this theory, workers seek out the best-paying jobs after taking into consideration their own personal endowments (e.g. education and experience), constraints (e.g. young child to take care of), and preferences (e.g. a pleasant work environment). Employers try to maximize profits by maximizing productivity and minimizing costs to the extent possible, but because of competition and efficient labour markets, employers pay workers their marginal product.

Labour supply

On the labour supply side, neo-classical/human capital theories stress the

lower levels of female human capital in terms both of what women bring to the labour market (e.g. less education and less relevant fields of study), as well as what they acquire after joining the labour market (e.g. less experience than men owing to intermittent or truncated labour market participation because of marriage and/or household/child-care responsibilities).[1] In short, according to these theories, women rightfully receive lower pay than men because of their lower productivity.

The productivity-related variables of education and labour market experience are believed also to affect women's choice of occupation. The effect of education on choice of occupation hardly needs comment. However, two observations are worth making here. First, in low-income countries with small formal/modern labour markets, there are often many more educated, qualified persons of both sexes than there are formal sector jobs (therefore much sought after). This implies, all else being equal, that women should be reasonably well represented in a wide range of occupations in the formal sector (and at least in proportion to female-male educational levels). When this is not the case, it probably implies the presence of discrimination. Second, the relationship between a woman's education and experience and her occupation is bi-directional in nature. While women may not choose or be offered work in particular occupations because they do not have the appropriate education or experience, it is also true that many parents decide to give their daughters less education (and in subjects less relevant to the labour market) than they give their sons, and that women accumulate less labour market experience than men partly because they do not have the same labour market opportunities as men. These are very important factors helping to determine occupational segregation in the labour market. This phenomenon of reinforcement is not generally considered by neo-classical theory, which typically represents a static rather than a dynamic, longitudinal perspective.

Neo-classical theories also stress the fact that women are almost exclusively responsible for housework and child care around the world (e.g. UNDP, 1995; United Nations, 1991).[2] These family responsibilities cause many women to gain less work experience than men owing either to early and permanent withdrawal from the labour force (e.g. because of marriage), or to temporary withdrawal from the labour force in order to care for young children. According to the theory, this implies that women would rationally choose occupations with relatively high starting pay, relatively low returns to experience, and relatively low penalties for temporary withdrawal from the labour force — including occupations which are flexible in terms of entry and working hours.

---

[1] A number of researchers have commented on the fact that female-male wage differentials are very small for single persons and that married persons account for almost all of the observed female-male wage differential (see for example, Blau and Khan, 1992, and World Bank, 1994, for general conclusions; Hakim, 1992, for the United Kingdom; Ogawa and Clark, 1995, for Japan).

[2] Even in Scandinavia, women continue to be mainly responsible for work and child care according to time use data (UNDP, 1995; United Nations, 1991).

However, several problems arise if this theory is adopted as the only explanation for occupational segregation by sex. First, women's labour force commitment has increased greatly in recent decades, as indicated by the disappearance of the double-humped (or m-shaped) age-specific labour force participation curve. Second, the amount of household and family-based work which needs to be done has fallen in many countries in recent years owing to increasing age at marriage and falling fertility almost everywhere, as well as to the use of household aids (washers, cookers, vacuum cleaners, etc.) in higher-income countries. Third, the increasing incidence of female-headed households all over the world (Buvini , 1995) implies that ever more women need to work continuously simply to earn a living. These various changes imply that women are gaining greater labour market experience which, according to neo-classical theory, should lead to major changes in the types of occupation women prefer and are offered. Despite all these changes, however, occupational segregation by sex remains very high all over the world (although it is true that in many countries it has fallen over the past two decades (see Anker, forthcoming)).

Fourth, amongst the most important occupations, many male-dominated ones (e.g. transport driver and auto mechanic) do not require more experience or continuity of employment than many female-dominated ones (e.g. secretary and other clerical worker). If anything, the opposite is true. Job evaluations based on comparable worth (see the section on pay differentials below) indicate that, for example, being a secretary (one of the most important "female" occupations in the world) requires considerably more knowledge and skills and makes more mental demands than being a delivery-truck driver (one of the most important "male" ones); yet secretaries receive lower pay.

Labour demand

According to neo-classical/human capital theory, many of the factors influencing women's and men's preferences for particular occupations also influence employers' preferences for male or female workers. Thus, jobs requiring a relatively high level of education are more likely to be offered to men than to women (although the relevance of this argument is somewhat questionable in the numerous countries where men and women have now achieved similar levels of education), as are jobs where experience and on-the-job training are relatively important (although, again, the relevance of this argument is decreasing in importance in many countries as women's labour force commitment increases).

In addition, women are often considered to be higher-cost workers (even when the same wage rate applies) because of a number of supposedly higher, indirect labour costs associated with women workers. According to the theory, this should affect the types of job employers offer women, depending on the relative importance of each of these factors for each occupation. For example, women are often said to have higher rates of absenteeism (probably in part because of family responsibilities which cause women to miss work in order to care for family members). Women are often said to be late to work more

frequently (again probably in part because of family responsibilities). Women are also often said to have higher labour turnover rates, which can be an important indirect cost for employers, who have to find and train new workers. This higher turnover rate is said to occur because many women leave jobs in order to take care of young children (and, in some countries, because of marriage). Women workers may require separate toilet facilities at the workplace for themselves [3] and crèches for their children, since they do not wish to leave the children at home unattended.[4] Women are sometimes said to be less flexible than men as regards being able to stay late or to work on official leave days.

It is important to question assumptions that higher direct and indirect labour costs are associated with female workers than with male workers, especially in view of the relative paucity of empirical evidence either way. In this regard, a series of empirical studies in Third World countries are informative (Anker and Hein, 1985 and 1986). A total of 423 employers, 2,517 women workers and 803 men workers were interviewed, in five developing countries (Cyprus, Ghana, India, Mauritius and Sri Lanka), by means of structured survey questionnaires. Results from these studies call into question a number of the assumptions described above. For example, while individual women were found to have higher absenteeism rates, and many employers stressed the importance of this factor, on average the difference between male and female absenteeism rates proved to be small. Study results also indicated similar labour turnover rates for women and men. This unexpected result was due to the greater likelihood of men leaving for another job, and of women leaving their jobs for family reasons.

Labour laws and regulations sometimes directly affect the demand for women workers. Protective legislation sometimes prohibits women from working in certain occupations and/or under certain conditions. For example, women may be prohibited from night work (see the provisions of the ILO's Night Work (Women) Convention, 1919 (No. 4)); from working underground in mines (see the Underground Work (Women) Convention, 1935 (No. 45)); or from carrying heavy loads (see the Maximum Weight Convention, 1967 (No. 127)). Although protective laws and Conventions were drawn up with the best of intentions to protect women, many observers now believe that these laws are no longer relevant and should be changed (see, for example, Lim, 1996). Indeed, many ILO Conventions dealing with protective legislation are currently under review.

Labour laws and regulations can also increase the comparative cost of employing female workers. For example, paid maternity leave increases the cost of women workers relative to men and so can become an indirect form of

---

[3] Papola (1986) reports that this was one of the most common reasons for not hiring women given by employers interviewed in his enterprise survey in Lucknow, India.

[4] In Bangladesh, for example, some women need to bring their children, even their older daughters, to work. Garment manufacturers there report that women workers are unwilling to leave their 11-13 year old daughters alone at home, because this would negatively affect the girls' reputations and, consequently, marriage prospects (Myers, personal communication).

sex discrimination if employers have to bear this cost.[5] Partly for this reason, and partly because the reproduction of subsequent generations is a concern for society as a whole, ILO Conventions on maternity leave recommend that maternity leave costs be borne by the State and not by employers. Another example sometimes mentioned in this connection is legislation requiring separate toilet facilities for men and women where the existing workforce and facilities are single sex.

Faced by the fact that the sex segregation of occupations and female-male pay differences persist and cannot be fully explained by different characteristics of men and women, neo-classical economists have developed complementary theories to explain the persistence of occupational segregation by sex, without abandoning their basic assumptions of rationality and efficient labour markets. Two of these theories (employers' taste for discrimination, and compensating differentials) are briefly described below. For the most part, these complementary theories focus on the demand side and on employers' motivation and behaviour. There are other complementary economic theories relating to labour market segmentation (such as dual labour markets, occupational overcrowding, statistical discrimination, and efficiency wages), the first three of which are described in the next section.

According to a model of employer behaviour developed by Becker (1971), employers — in common with many other citizens — are prejudiced against certain groups of workers. Usually, but not always, this prejudice — *a preference for discrimination* — is directed against persons who are different, because of visible characteristics such as race, disability, age or sex (Anker, 1995). Because of their prejudice, employers are said to sustain disutility (i.e. a cost) when they hire someone from the group discriminated against. Therefore, according to this theory, employers behave rationally when they hire fewer people from that group, since they can thus avoid such a "cost".

There are two main problems with Becker's model. First, it is unclear how this system can be sustained in a competitive economy. One would expect less prejudiced employers to hire more people from the group discriminated against in order to decrease costs and increase profits; this implies that over time the behaviour of unprejudiced employers would prevail because of competitive forces in the capitalist system. Second, even if one assumes that some employers are predisposed to discriminate, the great overlap in the skills, preferences, etc., of individual men and women should make it likely that both the sexes would be substantially represented in every occupation — but this is not the case. On the other hand, these problems could be explained by the

[5] It is possible, of course, to design maternity and child-care leave programmes as parental leave programmes. However, experience from countries which give new parents the choice of maternity or paternity leave indicates that relatively few fathers actually take paternity leave. An interesting policy to encourage men to take paternity leave is found in Norway where at least four weeks of a possible total of 52 weeks of parental leave must be taken by the father; if the father does not take up these four weeks of paternity leave, they are lost (Melkas and Anker, forthcoming).

existence of strongly held social values and stereotypes (see discussion below on feminist/gender theories) and by statistical discrimination theory (see discussion below on institutional and labour market segmentation theories).

The *compensating differentials model* is another neo-classically based economic theory sometimes mentioned as casting light on women's preference for certain occupations as well as on the lower pay in typical female occupations. According to this model, women prefer occupations with good working conditions as they wish to avoid unpleasant and dangerous working conditions and/or to have jobs with good fringe benefits, e.g. health insurance and crèches; the avoidance of unpleasant and dangerous conditions could be especially significant in cases where men are the chief breadwinners and women are secondary earners. In these circumstances, the lower monetary rewards in typical "female" occupations are said to be partly explained by some "pay" being taken in non-wage forms. While there may be some truth in this argument in countries where cultural values restrict the types of job women can do, it is much more difficult to accept in countries where a substantial percentage of women work and/or when women are the principal earners in the family. In any case, the explanation for the low pay in many typical "female" occupations (e.g. maids, salespersons and sewers) is unlikely to be the prevalence of pleasant working conditions.

In short, neo-classical economics and human capital theory make valuable contributions to understanding occupational segregation by sex and the typically lower pay of women workers. This theory highlights the important role played by systematic differences in the human capital accumulated by men and women.

All these factors negatively affect women's productivity and pay, and limit the occupations for which they qualify. For these reasons, neo-classical/human capital theories stress the need for policies to address non-labour market factors so as to reduce occupational segregation by sex. This implies that policy-makers should be concerned with non-labour-market variables such as education, family policy, family planning, and a more equal sharing between the sexes of child care and household work. As to labour market policies, these theories imply that policy-makers should seek to increase women's human capital, especially education and training in non-traditional occupations; to help women combine work and child care/housework, possibly through the provision of crèches, or the reorganization of worktime, or the removal of parental leave provisions that indirectly discriminate against female workers; and to eliminate labour law provisions that prohibit the employment of women in certain occupations.

Institutional and labour market segmentation theories

Institutional and labour market segmentation theories also rely on well-established economic thought and neo-classical logic. Their starting-point is the assumption that institutions, such as unions and large enterprises, play an important role in determining who is hired, fired and promoted, and how much

they are paid. Institutional theories also begin with the assumption that labour markets are segmented in certain ways. And while each labour market segment may function according to neo-classical theory, it is difficult for workers to pass from one segment to another.

The best-known is *dual labour market theory* which distinguishes between a "primary" and a "secondary" sector (Doeringer and Piore, 1971). Other labour market segmentation theories divide the labour market into "static" and "progressive" jobs (Standing, 1989) and "formal" and "informal" sectors (ILO, 1972). Jobs in the primary sector are relatively good in terms of pay, security, opportunities for advancement and working conditions. Secondary sector jobs tend to be relatively poor as regards pay, chances for promotion and working conditions, and to provide little protection or job security. These two labour markets are perceived as functioning independently of each other to a substantial degree, largely because firms in the primary sector have some market power which insulates them somewhat from competition, whereas those in the secondary sector face fierce competition. Although the distinction between primary and secondary sectors has become less marked in recent years in both industrialized and developing countries (because of increased subcontracting and the globalization of trade), it still retains a significant degree of relevance.

It is a relatively short step to adapt the concept of dual labour markets to occupational segregation by sex, with one labour market segment comprised of "female" occupations and another of "male" occupations. This segmentation implies relatively low wage rates in "female" occupations because many women workers are "overcrowded" into a small number of "female" occupations (Bergmann, 1974; Edgeworth, 1922). "Male" occupations, on the other hand, benefit from reduced competition within a wider set of occupations and, consequently, tend to enjoy relatively high wage rates.

The nature of the jobs available in the primary sector would lead one to expect an under-representation of women and, since such jobs are more secure, firms in this sector can be expected to accord a relatively high value to firm-specific experience and low labour turnover. Consequently, given their generally more continuous labour market experience, male workers should tend to be favoured by primary sector employers. Furthermore, since primary sector firms can pay higher wages, they are in a position to cream off the best-qualified workers; this again implies that primary sector firms should tend to prefer men, who tend to be better educated and more experienced than women.

Another economic theory related to labour market segmentation is *statistical discrimination theory*. This is based on the assumption that there are differences, on average, in the productivity, skills, experience, etc., of distinct groups of workers (such as men and women), and high search and information costs associated with recruitment and promotion decisions. In such circumstances, it is argued, it is rational for employers to discriminate against groups of workers (such as women) when differences, on average, between the abilities of persons from different groups (e.g. women and men) cost less to sustain than the decision-making costs associated with identifying suitable individual workers of either sex. Statistical discrimination theory thus provides an explanation for

how some occupations are almost entirely male even though many individual women have greater ability, more education, etc. than many individual men.[6]

One aspect ignored by statistical discrimination theory is the role played by occupational segregation by sex in perpetuating labour market discrimination into the next generation. Because women are generally discriminated against, they are likely to obtain less education than men and to pursue careers that reinforce the current segregation. A second problem with statistical discrimination theory is that it may be less relevant for explaining discrimination in promotion (as opposed to recruitment), since in many enterprises the information costs involved in the former may be less than those involved in the latter.

In summary, labour market segmentation theories are very useful for understanding sex inequality in the labour market, since they stress the existence of segregated labour markets and occupations. However, they do not explain *why* occupations are segmented by sex; after all, the same occupations are found in both primary and secondary labour markets. And, labour market segmentation theory is better at explaining vertical occupational segregation by sex (why men are more likely than women to have better-quality jobs in the same occupation), which is a major source of female-male wage differentials.

Despite the valuable contributions of neo-classical/human capital theory and institutional and labour market segmentation theories to the understanding of sex inequality in the labour market, they are less helpful in understanding occupational segregation by sex. In particular, they fail to consider adequately a number of critical, non-economic and non-labour market variables and forms of behaviour, mainly because these lie outside the competence (and often interest) of economists. Examples of such variables are: why women come to the labour market with lower levels of education and in less relevant subjects; why housework and child care are almost always the sole responsibility of women; why important labour market segregation based on sex persists despite a wide overlap in the abilities of individual men and women; why the sex stereotyping of women in society generally is reflected so consistently in stereotypically "female" occupations; and why occupational segregation by sex has persisted so strongly despite recent major increases in the education and labour force commitment of women. Yet explaining these types of non-economic issues is critical to understanding occupational segregation by sex. Feminist or gender theories address many of these issues.

---

[6] Two interesting institutional aspects of Scandinavian labour markets arise from a strong public commitment to: (i) gender equity; and (ii) full employment for all citizens. Public commitment to these goals directly affects the sex segregation of occupations. It leads to the creation of many public sector jobs in order to help women combine their family and work responsibilities. For example, Melkas and Anker (forthcoming) estimate that in 1990 approximately 10 per cent of women non-agricultural workers in Finland and Norway and 19 per cent of women non-agricultural workers in Sweden were in one of the following, generally public sector, occupations: child day-care centre worker, social worker, municipal home-help, and assistant nurse/attendant. Since these occupations are highly feminized (96, 75, 96, 92 per cent female, respectively, in Sweden, for example), this substantially increases occupational segregation by sex in Scandinavia and in part explains why such segregation is higher than in other European countries.

Feminist/gender theories and related explanations

Feminist or gender theories [7] are mainly concerned with non-labour market variables which economists take as given. A basic premise of gender theories is that women's disadvantaged position in the labour market is caused by, and is a reflection of, patriarchy and women's subordinate position in society and the family. In all societies, household work and child care are seen as women's chief responsibility, while being the breadwinner is perceived as men's main responsibility. The fact that these societal norms and perceptions bear little relation to the daily lives of many women, men and families does not detract from their influence on people's behaviour and their contribution to gender-based discrimination against women.

This division of responsibilities and the patriarchal ordering of society are instrumental in determining why women usually accumulate less human capital compared with men before entering the labour market — that is, why girls receive less education than boys, and are less likely to pursue fields of study, such as sciences and crafts, of greater relevance to the labour market. Overall, women are perceived as having a lesser need for labour market skills. These same influences are also instrumental [8] in explaining why women acquire less labour market experience, on average, because many of them withdraw from the labour force early, and many others withdraw from the labour force temporarily.

Gender theory makes a valuable contribution to explaining occupational segregation by sex by showing how closely the characteristics of "female" occupations mirror the common stereotypes of women and their supposed abilities. To illustrate this, table 1 lists 13 characteristics commonly attributed to women which may have an effect on occupational segregation by sex. These are divided into three groups of stereotypes (positive, negative and other). This list is much more complete than the common observation that "female" occupations are merely an extension of household activities.

The five "positive" stereotypes presented are: a caring nature; skill and experience in household-related work; greater manual dexterity; greater honesty; and attractive physical appearance. It seems logical to hypothesize that these characteristics, if true, would help "qualify" women for the following ISCO

[7] This division of theories into three separate categories is done for heuristic purposes, as there is substantial overlap between them. For example, while the perpetuation of sex segregation in an occupation through sexual harassment by male workers is usually an issue only addressed by feminist theory, it could easily be incorporated into a neo-classical model of the labour market as an added expense for employers (since introduction of female workers in such a situation might disrupt the workplace and affect labour productivity).

[8] This point is illustrated by an experience of the author's during field work several years ago in Egypt. In response to a typical question on labour force participation ("What was your main activity in the past week?"), a female schoolteacher reported that she was a housewife. Upon being asked why she gave this answer when, in fact, she was a teacher, she responded by saying that teaching involved 20-30 hours of work per week, but that housework involved many more hours — and that the question had inquired about her "main activity" in terms of time.

Table 1. Stereotyped characteristics of women and their expected effect on occupational segregation by sex

Common stereotyped characteristics of woman [1]	Effect on occupational segregation	Examples of typical occupations affected [2]	Comments
Positive			
1. Caring nature	Helps qualify woman for occupations involving care for others, e.g. children, the sick, older people	Nurse Doctor Ayah Social worker Teacher Midwife	A characteristic often felt to be biologically determined, because women are mainly responsible for child care in all societies. This is, however, a learned, gender-based characteristic. Note that occupations which involve caring but also require greater authority (e.g. medical doctor), are often male-dominated.
2. Skill (and experience) in household-related work	Helps qualify women for occupations that are frequently home- based (and almost always carried out by women), often as unpaid household work	Maid Housekeeper Cleaner Cook Waiter Launderer Hairdresser Spinner Sewer Weaver Knitter Tailor/dressmaker	Skill easily acquired (therefore, women's greater experience of these skills before entering the labour market should not be very important).
3. Greater manual dexterity	Helps qualify women for occupations where finger dexterity is important.	Sewer Knitter Spinner Weaver Tailor/dressmaker Typist	Belief is based partly on biological difference (sex); and partly on experience difference (gender) acquired in the home before joining the labour market (see also stereotype 2). Skill easily acquired. Occupations often similar to those noted under household-related work activities (see stereotype 2).
4. Greater honesty	Helps qualify women for occupations where money is handled and/or trust is important.	Cashier/book-keeper Salesperson Accountant	Higher-paid and higher-status occupations (e.g. accountant which is a professional occupation) are often male-dominated.
5. Attractive physical appearance	Helps qualify women for occupations where physical appearance helps attract and/or please customers.	Receptionist Salesperson Shop assistant	This advantage is often thought to accompany a more pleasant and accommodating personality suited to, e.g., reception or sales work. In other situations, sex appeal is used to attract male customers (e.g. barmaid or prostitute). In certain cultures and countries where public interaction between men and women is frowned upon, this characteristic disqualifies or excludes women from certain occupations (e.g. salesperson in the Middle East).

Table 1. Stereotyped characteristics of women and their expected effect on occupational segregation by sex *(cont.)*

Negative			
6. Disinclination to supervise others	Helps disqualify women for all types of supervisory and managerial occupations.	Manager (general; production; trade, catering and lodging) Supervisor (clerical; sales; production) Government executive officer and administrator Legislative official	This is in many ways a parallel to willingness to take orders (see stereotype 11). This often affects vertical occupational segregation (with lower-level jobs for women).
7. Lesser physical (muscular) strength	Helps disqualify women for occupations requiring heavy lifting and/or other physical effort.	Construction worker Miner/quarrier Well driller	There is considerable overlap in the physical strength of individual women and men, which means that many women are physically capable of doing such work. Becoming less and less important in today's economy.
8. Lesser ability in science and mathematics	Helps disqualify women for occupations where high levels of scientific and mathematical knowledge are required.	Physical scientist (chemist/physicist) Architect Engineer Mathematician Statistician	In this case, gender discrimination begins at school where girls are discouraged from specializing in mathematics or science. Some believe that this difference is biologically determined. If so, it is a small average difference with a large overlap in the abilities of individual men and women.
9. Lesser willingness to travel	Helps disqualify women for occupations where considerable travel is required.	Aircraft officer and worker Ship officer and worker Transport equipment driver/operator	Many women are willing to travel, e.g. airline stewardeses (who were originally selected for their physical appearance –see stereotype 5). Many drivers do not travel overnight.
10. Lesser willingness to face physical danger and use physical force	Helps disqualify women for occupations where physical danger is relatively great.	Fire-fighter Police officer Security guard Miner/quarrier	This is a learned, gender difference. Many women are willing to be employed in these occupations.
Other			
11. Greater willingness to take orders Greater docility and lesser inclination to complain about work or working conditions Lesser inclination to join trade unions Greater willingness to do monotonous/ repetitive work	General characteristics which help qualify women for occupations and sectors of the economy where working conditions are poor, labour laws are not applied (e.g. the informal sector) and work is routinized.	Note: These general characteristics (11, 12, 13) qualify women for many jobs which are low paid, unskilled, unprotected and repetitious in nature.	These stereotypes have been combined because of their similar implication of a subservient nature. These are archetypes of learned (gender) characteristics.

Table 1. Stereotyped characteristics of women and their expected effect on occupational segregation by sex *(cont.)*

12. Greater interest to accept lower wages Lesser need for income	General characteristics which help qualify women for low-paid occupations and sectors of the economy	Often related to (and justified by) the belief that women are secondary earners (i.e. not the main breadwinner). This is despite the increased incidence of female-headed households; and many families' need for more than one income. Often associated with occupations in highly competitive industries, where cost considerations are very important, notably those producing exports such as textiles.
13. Greater interest in working at home	Helps qualify women for occupations and sectors of the economy where work is organized in a home-based, "putting out" type of production system.	Usually poorly paid home-based work; often involves piecework. Home-based work is easy to combine with household/child care. "Putting out" production system is often set up specifically to make use of the available cheap female labour. Home-based work is increasing in importance.[3]

Notes: [1] Many of these stereotypes overlap in their effects. While some stereotypes help reinforce sex segregation of particular occupations (e.g. greater manual dexterity and skill at household-type work for sewer), the effects of other stereotypes counteract each other (e.g. physical appearance and disinclination to supervise others for sales supervisor). [2] Almost all examples of occupations are taken from two- and three-digit ISCO-68 occupational classifications. [3] *Bidi* making (local Indian cigarette), which is the largest non-agricultural occupation for women in India according to 1981 census data, is almost exclusively a home-based industry.

Source: Author's impressions; Anker and Hein, 1985 and 1986.

occupations: nurse, doctor, social worker, teacher, maid, housekeeper, cleaner, cook, waiter, launderer, hairdresser, spinner, weaver, knitter, tailor/dressmaker, midwife, sewer, typist, cashier/book-keeper, salesperson, accountant, receptionist, street vendor and shop assistant.

The five "negative" stereotypes presented are: disinclination to supervise others; lesser physical strength; lesser ability in science and mathematics; lesser willingness to travel; and lesser willingness to face physical danger and to use physical force. These characteristics negatively affect women's acceptability in various occupations — which consequently helps ensure that they become typical "male" occupations. These stereotypes, if true, would help "disqualify" women for the following types of ISCO occupation: manager, supervisor, government executive officer/administrator, legislative official, construction worker, miner/quarrier, well driller, physical scientist, architect, engineer, mathematician, statistician, aircraft officer and worker, ship officer and worker, transport equipment driver/operator, fire-fighter, police officer and security guard.

Finally, three other stereotypes are presented: greater willingness to take orders, greater docility and lesser inclination to complain about work or working conditions, lesser inclination to join trade unions, greater tolerance of monotonous/repetitive work; greater willingness to accept lower wages and less need for income; and greater interest in working at home. These stereotypes have a greater influence on the general characteristics typifying "female" occupations (such as low pay, high flexibility, low status, less decision-making authority) than on qualifying or disqualifying women for particular occupations.

The influence of such sex stereotyping on occupational segregation by sex was brought out very clearly in a series of enterprise surveys sponsored by the ILO in transition economies (Bulgaria, the Czech Republic, Hungary and Slovakia) and developing countries (India, Cyprus, Sri Lanka and Ghana). Employers were asked directly whether they preferred to employ men or women for certain occupations and types of work. Given the directness and bluntness of the questions, it seems reasonable to assume that responses admitting sex bias represent only the tip of the iceberg. Despite the nature of the questions, however, many employers indicated that a person's sex is an important consideration affecting hiring and promotion decisions. In surveys in 1992/1993 conducted in the Czech Republic, Hungary and Slovakia, roughly 90 per cent of the employers interviewed indicated that they preferred to employ men to do repair and maintenance work, whereas virtually none preferred women; 35 to 55 per cent preferred to employ men in professional occupations, in general production and skilled operative occupations, compared with only about 10 per cent who preferred to employ women in these occupations (Paukert, 1995). In other enterprise surveys conducted in Hungary and Bulgaria in 1991/1992, 55 to 65 per cent of the employers interviewed preferred men in production occupations compared with 15 to 25 per cent who preferred women (Sziraczki and Windell, 1992). In Cyprus (1981), when asked a general question about whether certain types of job are considered more suitable for women or for men, 85 per cent of employers indicated a preference for employing men in certain jobs and 89 per cent indicated a preference for women in certain (other) jobs (House, 1986). In Lucknow, India (1982), roughly 60 per cent of the employers interviewed reported that women were unsuitable or less suitable than men for sales, production, service and executive/supervisory occupations (Papola, 1986). In Accra, Ghana (1982), 21 per cent of the employers interviewed indicated that they sometimes refused to hire women for fear they would become pregnant (Date-Bah, 1986).

Masculine stereotypes also play a role in determining the occupations which become typically "male" (such as engineer, truck driver, police officer, construction worker). In order to break down the sex segregation of occupations, therefore, it is important to change both male and female stereotypes and to integrate men into "female" occupations as well as women into "male" occupations. However, integrating men into typical "female" occupations is a controversial issue, since most labour market discrimination is directed against women, not men; moreover, such measures would contribute to eliminating

one of the few labour market advantages women have. Yet breaking down the sex segregation of occupations is critical to improving women's labour market situation, and this goal cannot be accomplished without breaking down the sex stereotyping of men, women and occupations.

Why are "female" occupations flexible?

It seems clear that women's responsibility for housework and child care affects the types of job many women prefer, since job flexibility in terms of hours (or part-time jobs) and relatively easy entry/exit/re-entry enable women to combine work and family responsibilities more easily. On this, gender theories and neo-classical theories agree.

However, there are two possible reasons why "female" occupations tend to be flexible in terms of hours and labour turnover. It could be that women gravitate towards occupations with these characteristics (either because of women's preferences and characteristics and/or because employers prefer to employ women in these occupations), as explained by economic theory (see earlier discussion). Or it could be that occupations become "female", because of the sort of sex stereotyping just described — with flexible working conditions emerging as a consequence of the fact that these are "female" occupations.

Although neo-classical economic/human capital theory holds that the preferences of women and employers are responsible for the concentration of women in flexible occupations, feminist theory does not support such an unequivocal conclusion, since both the possibilities noted above are consistent with it. While family responsibilities can be expected to increase women's preferences for flexible occupations, the stereotyping of certain work as suitable for women can be expected to affect the types of occupation open to them.

The empirical analysis in Anker (forthcoming, Part III) provides some evidence indicating a high degree of consistency between the sex stereotyping of an occupation and the "feminine" stereotypes listed in table 1. It supports the conclusion that the flexibility and low pay associated with many typical "female" occupations are due, to a large extent, to the fact that these are "female" occupations. There is no reason to consider *any* occupation (regardless of sex stereotyping) as inherently either more or less flexible.[9]

Cultural restrictions on women's freedom

Gender theories also point out how cultural restrictions contribute to the establishment of what is acceptable work for women and how, in some countries, they effectively bar women from certain occupations. This is an extreme form of sex stereotyping. For example, in many Muslim countries, *purdah* effectively forbids women from interacting with unknown men in public. As a result,

[9] A similar conclusion was reached in a recent European Union report on the organization of teaching (Rubery and Fagan, 1993): "these characteristics of the profession [emphasis on caring role, convenient working hours, relatively low pay] may be a reflection of, and not a cause of, the dominance of women" (p. xv).

many Muslim women are strongly discouraged from taking sales jobs except in shops where the customers are all women; women are excluded from factory jobs except when the entire factory workforce is female.[10] Many other examples could be given. Cultural restrictions on women's freedom of movement are enforced through strong social sanctions, which often include sexual harassment or rude behaviour by men.

Female-male pay differentials and occupational segregation by sex

Women's earnings are lower than men's throughout the world. As indicated by the ILO data in table 2, this is true in all regions of the world, whether one is comparing pay computed on a daily, weekly or monthly basis, or whether one is comparing non-agricultural workers as a whole or only manufacturing workers. Average female-male pay ratios in the world are roughly 60-70 per cent, based on a monthly reference period; 70-75 per cent, based on daily and weekly reference periods; and 75-80 per cent, based on an hourly reference period; the averages for OECD and developing countries are reasonably similar. Ratios appear to be especially low in east and south-east Asian countries as well as in some European countries (with Japan, the Republic of Korea, Malaysia, Singapore, Luxembourg and Cyprus the only countries having a ratio below 0.60). Ratios appear to be relatively high in Scandinavian countries, as well as in some other OECD and Third World countries (with Denmark, Iceland, Norway, Sweden, Australia, Sri Lanka, Turkey and Swaziland the only countries with a ratio clearly above 0.80).

Gunderson (1994) identifies five sources of male-female pay differentials: (i) differences in human capital endowments such as education and experience (caused mainly by non-labour market factors); (ii) differences in pay within the same occupation (caused by direct discrimination and dual labour markets); (iii) differences in pay for work of "equal value" (caused by the relationship between pay level in an occupation and the degree to which it is feminized); (iv) differences in jobs desired; and (v) differences in the jobs available. Occupational segregation by sex plays an important direct role in determining the last three sources of female-male pay differentials.

Comparable worth exercises provide good illustrations of how wage rates tend to be lower in "female" than "male" occupations. In these exercises, jobs are objectively evaluated and point scores established for factors such as responsibility, skill, education, physical effort, working conditions. The summation of these factor scores indicates in some objective sense the value of a job, and therefore its comparable worth. The greater the number of total points, the greater a job's worth or value. Figure 1 and table 3 provide examples

[10] A solution to this problem used by some garment factories in Bangladesh is to have single-sex shop-floors. In this way, factories have both male and female workers, but there is no interaction between men and women at the worksite.

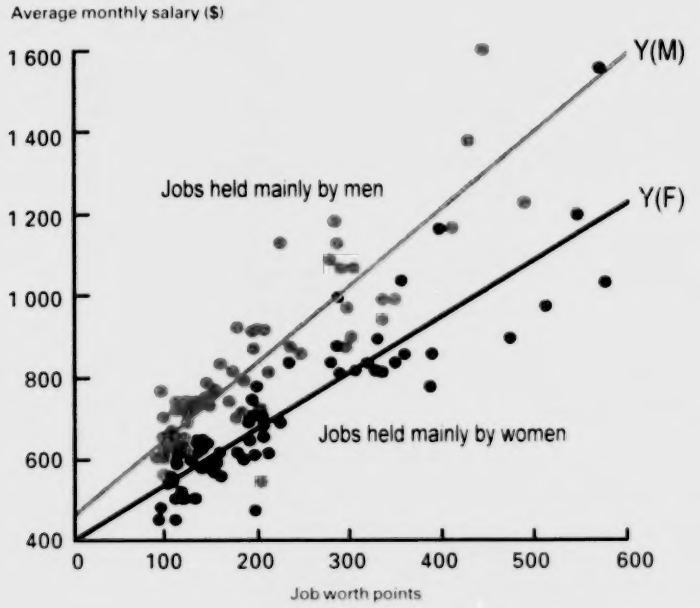
Table 2. Female-male wage ratios in the world, around 1990 [1]

Region/country/area	Reference period [2,3]	Female-male wage ratio	
		All non-agricultural	Manufacturing
OECD countries [4]			
Australia	Hourly	88.2	82.5
Belgium	Hourly	75.1	74.5
Denmark	Hourly	82.6	84.6
Finland	Hourly		77.3
France	Hourly	80.8	78.9
Germany (Fed. Rep. of)	Hourly	73.2	72.7
Greece	Hourly		78.4
Iceland	Hourly	87.0	
Ireland	Hourly		69.2
Luxembourg	Hourly	67.8	62.2
Netherlands	Hourly	77.5	75.0
New Zealand	Hourly	80.6	74.9
Norway	Hourly		86.4
Portugal	Hourly	69.1	69.0
Sweden	Hourly		88.9
Switzerland	Hourly	67.6	68.0
United Kingdom	Hourly	70.5	68.4
Average (unweighted)		**76.7**	**75.7**
Cyprus	Daily/weekly	59.0	58.0
Turkey	Daily/weekly	84.5	81.0
Average (unweighted)		**71.8**	**69.5**
Developing countries or areas [4]			
Sri Lanka	Hourly	91.2	
Average (unweighted)		**91.2**	
Egypt	Daily/weekly	80.7	68.0
Hong Kong	Daily/weekly	69.5	69.0
Sri Lanka	Daily/weekly	89.8	88.0
Average (unweighted)		**80.0**	**75.0**
Costa Rica	Monthly	66.0	74.0
Japan	Monthly	49.6	41.0
Kenya	Monthly	78.3	73.0
Korea (Rep. of)	Monthly	53.5	50.0
Malaysia	Monthly		50.1
Paraguay	Monthly	76.0	66.0
Singapore	Monthly	71.1	55.0
Swaziland	Monthly	106.6	88.0
Average (unweighted)		**71.6**	**62.1**
World averages (unweighted)			
	Hourly	**77.8**	**75.7**
	Daily/weekly	**76.7**	**71.2**
	Monthly	**71.6**	**62.1**

Notes: [1] Data year is 1990. [2] Countries are grouped according to reference period over which wages are estimated, because the female-male wage ratio decreases as the reference period increases (since women work fewer hours than men on average). For purposes of exposition, estimates for daily and weekly reference periods are combined. [3] Preference is given to estimate for shorter reference period if data are available for two or more reference periods. [4] Japan is included with other Asian countries (which are developing countries). Sri Lanka appears twice because of different reference periods.

Sources: ILO: *Yearbook of Labour Statistics* (Geneva), various issues.

Figure 1. Relationship between monthly salary and job worth points for men and women in the Washington State public service, 1974



drawn from the Washington State Government (United States) and the Toronto municipal government (Canada), respectively. In the case of jobs with similar worth (point scores), male-dominated occupations have substantially higher pay rates compared with female-dominated occupations. On the basis of these evaluations, pay rates are increased for the "female" jobs in order to help equalize pay in the "male" and "female" jobs which showed similar point scores.

Empirical studies analysing the determinants of male-female pay differences typically rely on regression analysis to separate out the proportion attributable to differences in productivity-related variables (including human capital)[11] and other factors which affect wage rates[12] and differences in the returns men and women receive for their endowments. The first set of variables is felt to measure justifiable differences in wage rates, whereas the second set deals mainly with the functioning of the labour market and is seen as measuring discrimination (Oaxaca, 1973).

There have been scores of empirical studies of the female-male pay differential. A review of United States studies concludes that around one-third of the female-male differential is due to occupational segregation by sex (Treiman and Hartmann, 1981; World Bank, 1994), as do reviews of different national studies (Terrell, 1992; Gonzalez, 1991).[13]

Table 3. Pay equity [1] job evaluations for selected male and female job classes [2], Toronto municipal government

Selected female job classes			Selected male job classes		
Total points [3]	Pay rate [4]	Description	Total points [3]	Pay rate [4]	Description
1 559	17.22	Early childhood educator, grade 1	1 563	20.94	Automotive mechanic foreman
1 399	15.44	Early childhood educator, grade 2	1 179	16.36	Junior micro-computer technician
1 155	12.49	Nursing attendant	1 179	16.36	Junior micro-computer technician
1 034	13.02	Day-care housekeeper	1 034	14.28	Cook, grade 1
839	11.68	Housekeeping attendant	879	15.22	Security guard
652	11.42	Cleaner, light duties	694	14.21	Cleaner, heavy duties

Notes: [1] The phrases "pay equity" and "comparable worth" are equivalent, the former is used in Canada and the latter in the United States. [2] Job classes selected for this table are based in part on the job classes chosen as the main male comparators in the pay equity evaluations and in part on what are typical female jobs around the world. [3] Total points are obtained from a comparable worth review on 4 September 1992. Total points for job evaluation are based on the summation of points for the following factors using the following weights shown in brackets: skill (45%); responsibility (33%); effort (14%); and working conditions (8%). [4] Pay rates are hourly pay rates in Canadian dollars as at 1 January 1990.

Source: Canadian Union of Public Employees, mimeo, 1992.

Studies relating occupational segregation by sex to female-male pay differentials are also greatly affected by the level of disaggregation of the occupational data analysed. When very aggregated data (such as the usual seven major ISCO occupations) are used, occupational segregation's effect is underestimated, mainly because most occupational segregation by sex remains unobserved. As occupational data become more disaggregated, the observed level of sex segregation increases, and the portion of the female-male pay differential explained by occupational segregation tends to increase. A study from the United States (Treiman and Hartmann, 1981) illustrates this: the percentage of the female-male earnings gap explained by occupational segregation by sex rose from about 10 per cent when 12 occupational categories were used, to 10 to 20 per cent when 222 occupations were used, and to at least 30 per cent when 479 occupations were used. Similarly, a study by Kidd and Shannon (1996) found that the percentage of the female-male wage gap explained rose from 12 to 18 and 27 per cent as the number of occupations classified increased from 9, to 17 and 36 using the same Oaxaca (1973) approach used by

[11] Variables typically used to measure a worker's human capital and productivity include the following: education, field of study, training, experience in the enterprise, experience in the labour market, age, size of firm, hours of work and health.

[12] Factors typically used to measure macro, meso and establishment level aspects that might affect a worker's wage rate include the following: size of establishment, sector of establishment, whether public or private, region, city size, whether unionized. Also sometimes included is the percentage of women in the occupation, although this variable is sometimes interpreted as measuring sex discrimination.

[13] Scott (1986) discusses the interesting case of Peru where female education levels increased over several decades to a point where they exceeded male levels — yet the average female-male pay ratio showed little change.

Treiman and Hartmann (1981); though no change was observed in this percentage when the Brown et al. (1980) approach was used, which estimates a separate equation for each occupation. OECD (1988) reports that average female earnings would have been 93.2 per cent of average male earnings in 1986, if men and women had been paid the same median earnings for each occupation based on 18 broad occupational groups; in contrast, this would have been 84.1 per cent on the basis of a much more disaggregated classification with 238 occupations.

After a fairly high level of detail in the occupational classification is reached, however, further disaggregation of the occupational data probably reduces the proportion of the female-male pay differential observed to be attributable to occupational segregation by sex. At the extreme of detailed job descriptions within establishments, there is usually very little difference in pay for men and women, since anti-discrimination laws make it illegal to pay different wages for the identical job within an enterprise.

The research literature on wage differentials provides a useful context in which to understand occupational segregation by sex, since it indicates that female-male pay differentials are due to many factors other than occupational segregation and differences in the human capital of men and women. It is only when these other factors are also taken into consideration that a coherent explanation can be found for both the level of female-male pay differentials and occupational segregation by sex in countries around the world. Indeed, several previous cross-national studies based on aggregated occupational data have noted that the simple correlation between the female-male pay ratio and occupational segregation by sex is not statistically significant and that sometimes this relationship is even positive (Rosenfeld and Kalleberg, 1991; Jacobs and Lim, 1992; Barbezat, 1993).

For example, Anker (forthcoming) finds that occupational segregation by sex is lower in Asia than in Europe and, within Europe, highest in Scandinavia. These results are unexpected and counter-intuitive if one is thinking only about female-male pay ratios since, as shown in table 2 and elsewhere (for example, Anker and Hein, 1986; Standing, 1989; Terrell, 1992), European countries tend to have higher female-male pay ratios compared with Asian countries. And among European countries, female-male pay ratios are highest in Scandinavia.

There are several possible explanations for these unexpected values. First, a major determinant of female-male pay differences across countries is the general level of pay differentials in a country (Blau and Khan, 1992; Gunderson, 1989). Second, in a related point, female-male pay differentials tend to be lower in countries with centralized wage setting (Gunderson, 1994; Rosenfeld and Kalleberg, 1991). Both of these factors undoubtedly help explain the relatively high female-male pay ratios in Scandinavia.

A third major source of pay differentials within countries is enterprise size. Large enterprises pay higher wage rates than do small enterprises to workers in apparently similar occupations (Gunderson, 1989 and 1994). Various explanations have been offered for this. One theory (that of compensating differentials) postulates that large enterprises pay a higher, so-called efficiency

wage in order to attract the best talent. This has important implications for the average female-male wage ratio in a country, because men are more likely than women to be employed in large enterprises. This factor could be especially important in a country like Japan where about one-third of the labour force works in large enterprises, in which seniority is an especially important determinant of pay. That women have been largely excluded from these large firms undoubtedly helps to explain the low female-male wage ratio in Japan (despite its relatively low level of occupational segregation by sex).

Fourth, the research literature distinguishes between two different forms of occupational segregation by sex. Horizontal segregation refers to the distribution of men and women across occupations — for example, women may work as maids and secretaries and men as truck drivers and doctors. Vertical segregation refers to the distribution of men and women in the same occupation but with one sex more likely to be at a higher grade or level — for example, men are more likely to be production supervisors and women production workers, men more likely to be senior managers and women junior managers. Some authors stress the point that vertical segregation is more important (Hakim, 1992) or at least as important (Barbezat, 1993) a determinant of the female-male pay ratio as horizontal segregation. Of course, depending on the detail of the occupational classification, the same phenomenon could be observed as horizontal or vertical segregation. For example, when men work as doctors and women as nurses, this would be horizontal segregation in a three-digit ISCO classification where these two occupations are classified separately; but this same phenomenon would be vertical segregation in a two-digit ISCO classification where medical, dental and veterinary workers are combined into one occupational group. Irrespective of this measurement problem, it is clear that vertical segregation is a very important determinant of female-male pay differentials, because even a relatively detailed occupational classification of 250 or so occupations is rather crude for a modern economy. Referring again to the situation in Japan, it seems likely that vertical segregation is an especially important determinant of Japan's low female-male pay ratio. For example, Japanese women are more or less excluded from the managerial career path in large corporations, so that even when they get a job in a large company, they rarely get into a career track position (Lam, 1992).[14]

Concluding remarks

This article is concerned with the sex segregation of occupations and labour market inequalities between men and women and explanations of why it occurs. This brief concluding section provides some general conclusions about the relevance and usefulness of the theories described for explaining this

[14] Even in Nikko Securities, a large Japanese corporation which is considered a leader in promoting women's employment, very few women enter the career promotion track. According to a recent report (Manpower, 1994), Nikko Securities recruited a relatively high percentage of women for its managerial positions (148 men and 75 women), but not into the career track (148 men and only 3 women).

phenomenon; in so doing, it draws on results from a large empirical study of occupational segregation by sex by the author (Anker, forthcoming) where detailed occupational data for 41 countries and territories around the world are analysed.

The data analysed therein indicate that the majority of men and women in the world work in what can only be described as "male" or "female" occupations, given the high proportion which is either male or female. The data also indicate that there is considerable similarity all over the world in the types of occupation which are gender-stereotyped — determining and reinforcing the gender stereotypes shown in table 1.

These empirical results provide support for all three of the general theories described in this article. Neo-classical/human capital theories correctly point out how women are less well qualified than men for certain occupations because of differences in their education and years of experience. So, for example, all over the world men, not women, are engineers because very few women train to be engineers; on the other hand women, not men, are nurses because very few men train to be nurses. Labour market segmentation theories are correct in their basic premise that labour markets are indeed segmented, and this segmentation undoubtedly helps reduce wages in "female" occupations through the "overcrowding" effect.

However, data from the forthcoming study also indicate that gender theories provide the most compelling explanations for the sex segregation of occupations, given that they emphasize enormous overlap in the abilities and preferences of individual men and women. They also address the underlying reasons for segregation inside as well as outside the labour market. They help explain why the most important occupations in which women are employed around the world reinforce typical "female" stereotypes such as the caring, docile or home-based woman worker. They help explain why women acquire less experience than men, because women are overwhelmingly responsible for child care at home. They help explain why women in certain countries are virtually excluded from occupations which involve public contact between men and women. They help explain how the restricted and inferior labour market opportunities for women associated with occupational segregation are perpetuated into the next generation, because such limited prospects cause many families — and many women — to underinvest in women's education, training and experience. They help explain why the part-time work and/or flexible hours associated with so many "female" occupations are as much a reaction to the fact that these are "female" occupations as they are to the need for "flexibility" in these occupations. They help explain why, despite high unemployment rates, relatively few men in industrialized countries have so far been willing to enter typical "female" occupations.

With increasing competition across the globe, it is increasingly important for countries to make efficient use of their resources. What could be a more important source of labour market inefficiency than the extensive segmentation of male and female workers? With the impact of the women's liberation movement, and an increasing participation of women in the labour force and in

public life, what could be more important than equal labour market opportunities for men and women? In both these respects, the sex segregation of occupations has an important influence. The stereotyping of men and women around the world has important implications for development and competitiveness.

Policy-makers need to address more seriously the inequality of labour market opportunities and its effect on both men and women. A wide variety of policies and programmes is needed — for example, facilitating policies to reduce the burden on women of family responsibilities; consciousness-raising programmes to remove gender stereotypes and prejudices; educational policies to bring about greater gender equality in schooling and training, especially with respect to opening access to non-traditional occupations for both men and women; and equal opportunity and affirmative action policies, especially those opening up new opportunities for men and women. Action is required on all these fronts to reduce occupational segregation between men and women with benefits not only for the present workforce and economy, but also for the future.

References

Anker, Richard. Forthcoming. *Gender and jobs: Sex segregation of occupations in the world*. Geneva, ILO.

— 1995. "Labour market policies, vulnerable groups and poverty", in José B. Figueiredo and Zafar Shaheed (eds.): *Reducing poverty through labour market policies: New approaches to poverty analysis and policy — II*. Geneva, ILO International Institute for Labour Studies.

—; Hein, Catherine (eds.). 1986. *Sex inequalities in urban employment in the Third World*. London, Macmillan.

—; —. 1985. "Why Third World urban employers usually prefer men", in *International Labour Review* (Geneva), Vol. 124, No. 1, pp. 73-90.

Barbezat, Debra. 1993. *Occupational segmentation by sex in the world*. Interdepartmental Project on Women in Employment, Working Paper No. 13, IDP Women/WP-13. Geneva, ILO.

Becker, Gary S. 1971. *The economics of discrimination*. Second edition. Chicago, University of Chicago Press.

Bergmann, Barbara. 1974. "Occupational segregation, wages and profits when employers discriminate by wage or sex", in *Eastern Economic Journal* (Storrs, CT), Vol. 1, Nos. 2-3.

Blau, Francine D.; Khan, Lawrence M. 1992. "The gender earnings gap: Learning from international comparisons", in *American Economic Review* (Nashville, TN), Vol. 82, No. 2 (May), pp. 533-538.

Brown, Randall S.; Moon, Marilyn; Zoloth, Barbara S. 1980. "Incorporating occupational attainment in studies of male/female earnings differentials", in *Journal of Human Resources* (Madison, WI), Vol. 15, No. 1 (Winter), pp. 3-28.

Buvini , Mayro. 1995. "The feminization of poverty? Research and policy needs", in José B. Figueiredo and Zafar Shaheed (eds.): *Reducing poverty through labour market policies: New approaches to poverty analysis and policy — II*. Geneva, ILO International Institute for Labour Studies.

Canadian Union of Public Employees. 1992. *Toronto Pay Equity Plan facts*. Mimeo. Toronto.

Date-Bah, Eugenia. 1986. "Sex segregation and discrimination in Accra-Tema: Causes and consequences", in Anker and Hein, pp. 235-276.

Doeringer, Peter; Piore, Michael. 1971. *Internal labor markets and manpower analysis*. Lexington, MA, D.C. Heath and Co.

Edgeworth, F. Y. 1922. "Equal pay to men and women for equal work", in *Economic Journal* (London), Vol. 32, No. 4 (Dec.), pp. 431-457.

Gonzalez, Pablo. 1991. *Indicators of the relative performance of women in the labour market*. Mimeo. Geneva, ILO.

Gunderson, Morley. 1994. *Comparable worth and gender discrimination: An international perspective*. Geneva, ILO.

—. 1989. "Male-female wage differentials and policy responses", in *Journal of Economic Literature* (Nashville, TN), Vol. 27, No. 1 (Mar.), pp. 46-72.

Hakim, Catherine. 1992. "Explaining trends in occupational segregation: The measurement, causes and consequences of the sexual division of labour", in *European Sociological Review* (Oxford), Vol. 8, No. 2, pp. 127-152.

House, William J. 1986. "The status and pay of women in the Cyprus labour market", in Anker and Hein, pp. 117-169.

ILO. 1990. *International Standard Classification of Occupations-88*. Geneva.

—. 1972. *Employment, incomes and inequality: A strategy for increasing productive employment in Kenya*. Geneva.

—. 1968. *International Standard Classification of Occupations-68*. Geneva.

—. Various years. *Yearbook of Labour Statistics*. Geneva.

Jacobs, Jerry A.; Lim, Suet T. 1992. "Trends in occupational and industrial sex segregation in 56 countries, 1960-80", in *Work and Occupations* (Newbury Park, CA), Vol. 19, No. 4 (Nov.), pp. 450-486.

Kidd, Michael P.; Shannon, Michael. 1996. "Does the level of occupational segregation affect estimates of the gender wage gap?", in *Industrial and Labor Relations Review* (Ithaca, NY), Vol. 49, No. 2 (Jan.), pp. 317-329.

Lam, Alice C. L. 1992. *Women and Japanese management: Discrimination and reform*. London, Routledge.

Lim, Lin Lean. 1996. *More and better jobs for women: An action guide*. Geneva, ILO.

Manpower. 1994. "Women on slow track to the top in Japan", in *Manpower Digest* (Milwaukee, WI), Sep.

Melkas, Helinä; Anker, Richard. Forthcoming. *Occupational segregation in the Nordic countries*. Geneva, ILO.

Oaxaca, Ronald. 1973. "Male-female wage differentials in urban labour markets", in *International Economic Review* (Philadelphia, PA), Vol. 14, No. 3 (Oct.), pp. 693-709.

OECD. 1988. "Women's activity, employment and earnings: A review of recent developments", in *OECD Employment Outlook* (Paris), Sep., pp. 129-172.

Ogawa, Naohiro; Clark, Robert L. 1995. "Earning patterns of Japanese women: 1976-1988", in *Economic Development and Cultural Change* (Chicago, IL), Vol. 43, No. 2 (Jan.), pp. 293-313.

Papola, T. S. 1986. "Women workers in the formal sector of Lucknow, India", in Anker and Hein, pp. 171-212.

Paukert, Liba. 1995. *Economic transition and women's employment in four Central European countries, 1989-1994*. Labour Market Paper No. 7. Geneva, ILO.

Rosenfeld, R.; Kalleberg, A. 1991. "Gender inequality in the labour market: A cross-national perspective", in *Acta Sociologica* (Oslo), Vol. 34, No. 1, pp. 207-225.

Rubery, Jill; Fagan, Collette. 1993. "Occupational segregation of women and men in the European Community", in *Social Europe* (Luxembourg), Supplement No. 3.

Scott, Alison MacEwen. 1986. "Economic development and urban women's work: The case of Lima, Peru", in Anker and Hein, pp. 313-365.

Standing, Guy. 1989. *Global feminization through flexible labour*. World Employment Programme Research, Working Paper No. 31, WEP 2-43/WP.31. Geneva, ILO.

Sziraczki, György; Windell, James. 1992. "Impact of employment restructuring on disadvantaged groups in Hungary and Bulgaria", in *International Labour Review* (Geneva), Vol. 131, No. 4-5, pp. 471-496.

Terrell, Katherine. 1992. "Female-male earnings differentials and occupational structure", in *International Labour Review* (Geneva), Vol. 131, No. 4-5, pp. 387-404.

Treiman, Donald J.; Hartmann, Heidi I. (eds.). 1981. *Women, work, and wages: Equal pay for jobs of equal value*. Washington, DC, National Academy Press.

United Nations. 1991. *The world's women 1970-1990: Trends and statistics*. New York.

UNDP. 1995. *Human Development Report*. New York, NY, Oxford University Press.

World Bank. 1994. *Enhancing women's participation in economic development*. Mimeo. Washington, DC.

JOURNAL OF
LABOR RESEARCH

Symposia and Selected Articles Forthcoming in Volume XIX, 1998

Government-Mandated Project Labor Agreements
Maurice Baskin, Bradford W. Coupe, Max Lyons, Herbert R. Northrup and Linda E. Alario, Charles K. Rowley, Stephen Sandherr, Augustus T. White

Fifty Years of Right To Work: Retrospect and Prospect
John T. Addison and W. Stanley Siebert, Charles W. Baird, John T. Delaney, William J. Moore, Morgan O. Reynolds

The Transition from Welfare to Work: Problems and Policies
William J. Dennis, Jr., David Finegold, Diana Furchtgott-Roth, Lynn A. Karoly and James N. Dertouzos, Thomas W. Hazlett

Union Wages, Rents, and Skills in Health Care Labor Markets	Barry T. Hirsch and Edward J. Schumacher
The Determinants of Organizations' Usage of Employee Dismissal: Evidence from Australia	Bryan S. Klaas, Michelle Brown, and Herbert G. Heneman III
The Effect of Labor Relations Climate on the Union Participation Process	J. Bryan Fuller and Kim Hester
Union Administrative Practices: A Comparative Analysis	Paul F. Clark, Kay Gilbert, Lois S. Gray, and Norman Solomon
Minimum Wage Effects by Gender	Nicolas Williams and Jeffrey A. Mills
Industrial Relations Reform in Britain since 1979	J. R. Shackleton
Pay Comparability in State Governments	Charles O. Kroncke and James E. Long
AFSCME As a Political Union	Marick F. Masters
ESOPS: Financial Performance and Federal Tax Incentives	John E. Gamble
Experience Rating and the Generosity of Unemployment Insurance: Effects on County and Metropolitan Unemployment Rates	Ronald L. Moomaw
Recent Trends in Job Security and Stability	Stefanie R. Schmidt and Shirley V. Svorny
Induced Inefficiency As a Response to the Union Threat	Elliott Parker and Jeanne Wendel

The **Journal of Labor Research** is published quarterly by the Department of Economics of George Mason University. Subscriptions are on a calendar year basis and subscribers will receive all issues for the current year. Annual subscription rates are: individuals, $35.00; academic libraries, institutions, government agencies, and business firms, $120.00. Foreign subscribers add $5.00 to cover additional postage. All remittances should be made payable to **Journal of Labor Research**, Department of Economics, George Mason University, Fairfax, Virginia 22030.

Editorial correspondence and manuscripts should be sent to James T. Bennett, Editor, Journal of Labor Research, Department of Economics, George Mason University, Fairfax, VA 22030. Manuscripts should be submitted in triplicate with a 100-word abstract. A submission fee of $20.00 for nonsubscribers must accompany all manuscripts. Papers accepted for publication must conform to JLR style requirements; style sheet available on request.

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

Occupational segregation by sex in Nordic countries: An empirical investigation

Helina MELKAS * and Richard ANKER **

The Nordic countries are widely known for their commitment to gender equity and their policies for women's integration into nearly all spheres of public life. It is therefore hardly surprising that the United Nations Development Programme (UNDP) has ranked them at the very top in its recent measure of women's status, the gender-related development index (GDI) (UNDP, 1995). Women in those countries have indeed entered the labour market in strength in recent decades, so that there are now roughly equal numbers of men and women workers in the labour force. Furthermore, the gap between male and female earnings in the Nordic countries is smaller than in other countries, and laws have been adopted on equal pay for equal work.

However, there remains considerable gender inequality in the Nordic labour markets. Women are under-represented at higher levels, especially in the private sector. In the three Nordic countries examined here (Finland, Norway and Sweden), women work part-time much more than do men, partly because women still perform about two-thirds of all unpaid work at home. Although relatively high, women's earnings are significantly lower than men's; and in any given type of occupation, women usually have lower positions than men. Women are also more likely than are men to work in the public sector, where wages tend to be lower than in the private sector.

Finland, Norway and Sweden provide a unique opportunity to study occupational segregation by sex and labour market inequality between men and women in the Nordic countries.[1] First, they have detailed census data over time for over 200 occupations. This is important because the observed level of occupational segregation by sex is known to be sensitive to the level of

* At the time of writing, researcher at the ILO; presently Ministry of Labour, Finland. ** ILO, Geneva. This article is drawn from a larger study of occupational segregation and labour market differentials in the Nordic countries of Finland, Norway and Sweden by the same authors.

[1] The remaining Nordic countries, Denmark and Iceland, are not included in this analysis, but should be considered in future research. Since the Nordic societies are relatively homogeneous, one may argue that differences between the statuses of women and men can be more clearly distinguished than in other western societies with sharp contrasts between social classes (Taylor-Gooby, 1991).

Copyright © International Labour Organization 1997

disaggregation in the occupational data on which it is based (Anker, forthcoming). Second, the occupational classifications and coding used in these three countries are sufficiently similar to permit the construction of a reasonably comparative classification for all three countries. Indeed, they have an ongoing programme of meetings and consultations to harmonize their national labour statistics. Third, the Nordic region is in many ways exceptionally progressive as far as gender equity policy is concerned. Fourth, these three Nordic countries are sufficiently different to allow meaningful comparisons between them.

This article focuses on the extent of divergence between the general perception of equality and the reality of inequality in the Nordic labour market in terms of gender-based occupational segregation and equity. It describes women's present status in the Nordic labour markets as well as changes in labour market inequalities and occupational segregation by sex over the period 1970-90. The article addresses three overriding concerns. The first is how these three countries differ from other industrialized countries. The second is how these three Nordic countries differ from each other. The third is what could be the reasons for any differing patterns between Nordic and other countries as well as between these three Nordic countries.

The article is divided into three parts. The first part describes the phenomenon of labour market differences by sex, including a brief discussion of labour market characteristics in the three countries. The second part presents a statistical analysis of occupational segregation in these countries. Nordic labour market patterns in 1990 and changes since 1970 are described using statistics on female-dominated and male-dominated occupations and indices of inequality. The feminization of similar occupations where there is a clear difference in status is then considered. The third part summarizes findings and provides concluding comments.

Occupational segregation and labour market differentials by sex

Significance of occupational segregation

Gender-based occupational segregation is one of the most important factors contributing to inequality between men and women in labour markets around the world. It concerns both the tendency for men and women to be employed in different occupations (horizontal segregation), and the tendency for women and men to be employed in different positions within the same occupation or occupational group (vertical segregation). In a situation where there is an extremely detailed occupational classification, these two aspects of occupational segregation become equivalent.

Occupational segregation by sex negatively affects the efficiency of the labour market. Segregation causes labour market inflexibility because it restrains mobility between male and female occupations. For instance, when an enterprise needs a large group of new workers for an industry that is clearly male- or female-dominated, it may not find a sufficient number of qualified candidates for the posts.

Occupational segregation based on a worker's sex also has a negative impact on women, their career opportunities and pay, the quality of their working life and the valuation of their work (Anttalainen, 1986; Gunderson, 1994). The gender gap in pay is a consequence of both horizontal and vertical segregation. And, even where women enter traditionally male-dominated occupations — as has recently happened to a certain extent in many countries (Anker, forthcoming) — they are more likely than men to be found in lower-status and lower-paid positions (see, for example, Barbezat, 1993; Kandolin, 1993; Nordic Council of Ministers, 1994). The polarization of the labour market by gender also leads to qualitative differences between women's and men's work. Research has indeed shown that typical women's work generally involves less decision-making and independent planning than does typical men's work; it is also more restricted in space and time, and more monotonous (Kauppinen, Haavio-Mannila and Kandolin, 1989). This polarization affects educational decisions early in life (e.g. choice of a field of study) as well as later decisions about which parent will disrupt his/her career to look after young children, thereby reinforcing objective reasons for gender inequality in the labour market and perpetuating inequality across generations. All of this leads to unequal opportunities, undermining one of the cornerstones of overall equality in society.

However, sex-based occupational segregation also has a positive side for women as it protects some of women's employment from male competition (Kandolin, 1993), and maintains demand for female labour (Lehto, 1991). For example, it has been suggested that the recent expansion of the service sector of the economy has helped women (Rubery and Smith, 1996).

The Nordic labour markets

The "Nordic model"

One cannot describe the labour markets of the Nordic countries without first describing the structure of the Welfare State in these societies, in particular in comparison with other industrialized countries. The history and comprehensiveness of the Welfare State tell much about the underlying attitudes which govern — enable or restrict — women's activities in different spheres of life, including in the world of work.

It has been suggested that the Welfare State (in the widest sense of the concept) has become the established avenue of modernization, but different countries have committed themselves to its principles to differing extents (Julkunen, 1992). This can be clearly seen when comparing the Nordic countries with other western industrialized countries. According to Julkunen (1992), the western European and North American Welfare States can be divided into four groups: countries with a "conservative" social structure (Germany, France, Belgium, Holland, Luxembourg, northern Italy, Austria, Switzerland); the "Mediterranean belt" (Greece, Spain, Portugal, Southern Italy, Ireland); modern Nordic welfare-state countries (Denmark, Iceland, Finland, Norway, Sweden); and countries with a "liberal" social structure (United Kingdom, United States, Canada).

A similar division has been proposed by Lewis (1992), based on societal perceptions of the male breadwinner role and the extent to which women are viewed as dependents. She classifies the Nordic countries as "weak male breadwinner States". However, Lewis' distinction is not necessarily sufficient, since taxation systems and social benefit policies are also very relevant (Rubery and Smith, 1996). Generally speaking, the western and southern European Welfare States are based on men being breadwinners and on women being homemakers. The Nordic Welfare State, by contrast, is based on the normalization of women's participation in gainful employment and a weak male breadwinner role, with women's integration into the labour market and political decision-making being encouraged. Extensive social services have developed to support this model, and this has resulted in the monetization of previously unpaid household work (Nätti, 1994; Julkunen, 1992). In western and southern Europe, unpaid household work has been monetized to a much smaller extent.

One aim of the Nordic Welfare State has been a general redistribution of income and welfare. The State has been used as an instrument of equal rights. Unlike other European countries, the Nordic countries direct social security to all their citizens. Their employment policy has emphasized active rather than passive labour market policies with the aim of having all adults gainfully employed (Nätti, 1994). These countries have shown a stronger dedication to the policy goal of full employment than has the rest of Europe, or the United States.

Women's engagement in gainful employment has become not only an expectation, but also a necessity in the Nordic countries. The Nordic model's success in reducing pay differentials in general — including between women and men — has considerably undermined the possibility of men being the sole supporters of their families. Social services facilitating the combination of motherhood and gainful employment have become quite developed and have attained a high quality in the Nordic countries (Kauppinen-Toropainen, 1993; Julkunen, 1992; Nordic Council of Ministers, 1994).[3] Moreover, the gender neutrality of those services is unusual. For example, laws refer not only to maternity leave or maternity allowances but also to *parental* leave and *parental* allowances.

Thus, the Nordic societies are not built on the assumption that mothers are homemakers. The child day-care system, for example, has not been constructed only from an educational point of view but also, very importantly, to enable and encourage women's participation in the labour force. Also, school lunches have an important role to play in ensuring opportunities for mothers to engage in gainful employment. Furthermore, women's rights are not based on their marital status but on their citizenship or employment in the Nordic societies. Social security and services for married women doing unpaid household work

[3] It has been argued that the Nordic Welfare State has been able to guarantee a high quality of public services because they are services for the entire population, not only for poor people (Julkunen, 1992).

do not depend on their husbands' employment status; women are treated as individuals, not as spouses (Nätti, 1994).

The public sector, "women's ally", has been a very important employer for women in the Nordic countries, especially in Sweden. The sphere of public sector services is large: education, health care, child day care and social services are virtually monopolized by the State. In 1992, the public sector accounted for 46, 44 and 58 per cent of total female employment in Finland, Norway and Sweden, respectively.

Statistical comparisons of women's status

Women's strong labour force participation in the Nordic countries is reflected in the fact that they comprise roughly half of the non-agricultural workforce — 49.8 per cent in Finland, 47.1 per cent in Norway and 49.5 per cent in Sweden in 1990. This numerical equality was reached at different times in the three countries. In Finland, the integration of women into the labour market was more or less completed by 1970 when women already comprised 45 per cent of all non-agricultural workers. In Norway, by contrast, women accounted for only 35 per cent of the non-agricultural labour force in 1970, with the percentage growing to 44 per cent in 1980 and 47 per cent in 1990. Sweden's experience is between those of Finland and Norway. By 1990, the labour markets of all three countries were thus supplied with roughly equal numbers of female and male workers. This compares to approximately 45 per cent in North America and 39 per cent in other European countries in the early 1990s.

There have been differences between the three Nordic countries in the evolution of the Welfare State and in women's labour force participation. In Finland, the integration of women into the labour market largely occurred before the development of the Welfare State. The other two countries went through a more distinct "housewife" or full-time homemaker phase between agrarian society and the integration of women into paid employment (Nätti, 1994; Kauppinen-Toropainen, 1993; Kauppinen-Toropainen, Kandolin and Haavio-Mannila, 1986). In Norway this occurred later than in Sweden, and the contribution of the public sector as an employer was somewhat smaller (Anttalainen, 1986). In Sweden, public service employment came to play an even more important role than it did in either Finland or Norway. Also in contrast to the experiences of Finland and Norway, the development of Sweden's child day-care system coincided with the increase in paid employment of mothers (Borchorst, 1990).

Whereas women's unemployment rate is higher than men's in almost all continental European countries (with an average ratio of 1.33 for other OECD countries in 1992-94 based on ILO and United Nations data), the opposite is true in Finland, Norway and Sweden, where women's unemployment rate is lower than men's (average ratio of 0.72). Indeed, Finland, Norway and Sweden have the lowest ratios of female-male unemployment in the OECD.

As noted above, labour market segregation has at least one favourable aspect for women in the Nordic countries, as they are more likely than are men

to be employed in the public sector and in the service sector. In 1992, approximately half of all female employment was in the public sector in Finland, Norway and Sweden, as against about one-quarter of male employment. The public sector has been characterized by more secure employment than has the private sector (Nätti, 1994), and the service sector has been expanding. In the early 1970s, the public sector accounted for about one-quarter of all employment in the Nordic countries (somewhat more in Sweden). By the early 1990s, the proportion had risen to one-third or more (Nordic Council of Ministers, 1994). However, this pattern of a secure and expanding public sector has been changing, so prospects for women workers may become less rosy unless more attention is paid to their situation. Construction and other public works-type unemployment measures, for example, tend to favour men.

Pay differentials

Data on the hourly earnings of full-time female workers in manufacturing as a percentage of full-time male workers' earnings show smaller pay differentials in Finland, Norway and Sweden (at 78-89 per cent) than in the major industrialized countries (72-79 per cent). However, these data tell only part of the story because manufacturing, which is relatively well paid, is itself male-dominated. Overall pay differentials also depend on other factors, such as differences in working hours (e.g. full-time or part-time work), in addition to occupation and position. Besides, it must be remembered that one of the main determinants of international differentials in female-male pay ratios is the overall level of wage inequality in each country (Blau and Khan, 1992), and Nordic countries are known to have small overall wage differentials. The bottom line, however, is that women in those countries still receive substantially less pay than do men. Moreover, gaps in overall income distribution have recently widened in the Nordic countries (Kandolin, 1993), and more and more women are finding themselves in part-time jobs or precarious forms of employment. Unless special measures to counteract these trends are enhanced, the earnings gap between men and women is therefore likely to widen.

In the Nordic countries, as elsewhere, part-time workers are more typically women than men. In 1993, over 40 per cent of the women workers in Norway and Sweden were engaged in part-time work. The corresponding figure for men was less than 10 per cent. In Finland, however, only 11 per cent of women worked part time in 1993, but this still comprises about 65 per cent of all part-timers, since Finland has an unusually small number of part-time workers.

The population of the Nordic countries enjoys a high level of education, with small male-female differences in the number of years of school completed. Women's high level of education has naturally contributed to the increase in female labour force participation. However, men and women pursue different fields of study in secondary school and later on. Indeed, it is striking how stereotyped the typical male and female fields of study are. Medical and health-related sciences, educational science, teacher training and the humanities are typical female-dominated fields, whereas engineering, and agricultural, mathematical and computer sciences are typical male-dominated fields. These

persistent differences in education maintain gender segregation in the labour market (United Nations Economic Commission for Europe, 1995; Anttalainen, 1986), as they preserve and reinforce the gender stereotyping.

Statistical analysis of occupational segregation by sex in Nordic labour markets

Description of data and comparability

The statistical analysis in this section is based on census data for 1970, 1980 and 1990 compiled by the Central Statistical Offices of Finland, Norway and Sweden. The original national data for 1990 included 296 occupations for Finland, 292 occupations for Norway, and 261 occupations for Sweden. In order to increase the comparability of country experiences, a common classification into 187 occupations was created for all three countries by comparing national occupational titles. This was relatively easy to do as all three countries have very similar coding systems. For the most part, it implied aggregating similar occupational categories.

This common occupational classification is used as the basis for most of the following empirical analysis. The analysis excludes agricultural occupations, inter alia because their classification has been inconsistent over time.[1] By comparison with the original national classifications, the common classification has both advantages (especially greater comparability) and disadvantages (especially loss of detail). However, the loss of detail is felt to be much less important than the gain from having comparable occupational data for the three countries. First, a major objective of this article is to draw conclusions about differences and similarities between Finland, Norway and Sweden, and a common occupational classification is critical for this. Second, the loss of detail may not be very important, since the level of detail in the common classification remains relatively high at 187 occupations. In any case, the more detailed original national data are still used to investigate specific topics like the percentage of women in higher- and lower-status occupations.

Patterns in the Nordic labour markets in 1990

Indices of inequality

A number of inequality indices are used in the research literature to measure occupational segregation. One of the reasons for the proliferation of inequality indices is that they all have disadvantages. For simplicity of exposition, however, only the index of dissimilarity (ID) is used here. This index is the most widely used in the research literature (see Anker, forthcoming, for a review); ID values range from 0 (no segregation, with equal percentages of women and men in each and every occupation) to 1 (complete segregation, with female workers in

[1] In any case, in 1990, agricultural occupations accounted for only approximately 8.5, 6.2 and 3.3 per cent of total employment (and 7.5, 3.7 and 1.5 per cent of female employment) in Finland, Norway and Sweden, respectively.

occupations where there are no male workers). Thus, the higher the ID value, the greater the segregation. In addition to this index, other measures of occupational segregation and concentration are used in subsequent sections. In this way, it is possible to build up a fairly complete picture of occupational segregation and gender inequality in Nordic labour markets.

Previous cross-national studies of occupational segregation by sex have generally found relatively high levels of segregation in the Nordic countries. This includes studies using crude, one-digit occupational data usually with seven broad occupational groups (e.g. professional/technical, clerical, services, agriculture, administrative/managerial, sales, production) as well as a recent study based on more detailed two- and three-digit occupational data (Anker, forthcoming).

The results presented in table 1 and figure 1 confirm the findings of previous cross-national studies, with relatively high levels of occupational segregation

Table 1. Female share of non-agricultural employment and index of dissimilarity (ID), 1970, 1980 and 1990 [b]

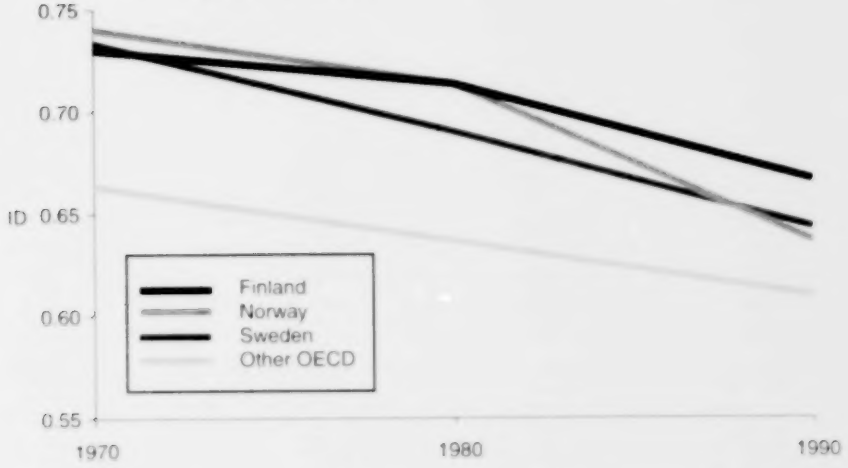
Country	Year	Female share of non-agricultural employment (%)	ID [c]
Finland [a]	1970	44.6	725
	1980	47.8	709
	1990	49.8	663
Norway [a]	1970	34.8	736
	1980	43.9	710
	1990	47.1	635
Sweden [a]	1970	40.5	731
	1980	46.3	688
	1990	49.5	641

Notes: [a] Based on a common occupational classification with 187 non-agricultural occupations. [b] For comparison, the ID values for 14 other OECD countries (adjusted to an occupational classification with 187 non-agricultural occupations) averaged .660 in 1970, .636 in 1980, and .610 in 1990. [c] For a definition of ID (index of dissimilarity) and other indices of inequality see Anker, forthcoming.

by sex. Approximately 32 per cent of male and female workers in Finland, Norway and Sweden would need to change their occupations to eliminate the gender segregation of occupations. This level of segregation is substantially higher than that found in the other OECD countries. In 1990, whereas ID averaged .65 in these three Nordic countries based on data for 187 non-agricultural occupations, it was .55 in the United States based on 461 non-agricultural occupations, and .60 in France based on 433 non-agricultural occupations. Based on a classification with 75 non-agricultural occupations, ID is approximately .55 for 14 non-Nordic OECD countries, as compared to about .60 for the three Nordic countries (Anker, forthcoming).

Overall levels of occupational segregation by sex are very similar in Finland, Norway and Sweden. Furthermore, ID values declined more or less in tandem in all three countries over the period 1970-90. This means that the high level of occupational segregation by sex in Nordic countries is not a new phenomenon. Indeed, in 1970 the sex segregation of occupations was so strikingly high that

Figure 1. Changes in occupational segregation by sex, as measured by index of dissimilarity (ID), 1970-90



ID values for that year are probably similar to those obtaining in many non-Asian developing countries today (Anker, forthcoming).

Changes in ID values over time can be decomposed and attributed to: (i) changes in the sex composition of occupations, (ii) changes in the size distribution of occupations and (iii) a residual. This can be done using typical standardization methods (as explained in Blau and Hendricks, 1979, for example). Identifying the relative importance of factors causing ID changes in this way is quite useful, since analysts and policy-makers are especially interested in the greater integration of men and women within occupations, i.e. (i) above. Table 2 indicates that progress in reducing occupational segregation by sex in the three countries has indeed been due almost exclusively to the increased

Table 2. Changes in the index of dissimilarity (ID) attributable to (i) changes in the sex composition of occupations (SEX); (ii) changes in the size distribution of occupations (OCC); and (iii) residual (RES),[a] [b] 1970s and 1980s

Country	1970-80[c]			1980-90[c]		
	SEX	OCC	RES	SEX	OCC	RES
Finland	- 022	- 004	006	- 037	- 003	- 001
Norway	- 009	- 028	001	- 049	019	- 005
Sweden	- 079	018	017	- 036	- 004	- 008
Average	*- 037*	*- 005*	*008*	*- 041*	*004*	*- 005*

Notes: [a] See Blau and Hendricks (1979) and Anker (forthcoming) for a description of the standardization methodology used to decompose observed change in ID into components attributable to (i) integration of men and women within occupations (SEX), (ii) occupational structure of employment (OCC), and (iii) a residual (RES). [b] Based on classifications with 264, 291 and 261 non-agricultural occupations in Finland, Norway and Sweden, respectively. [c] Based on data for 10 and 9 other OECD countries for the 1970s and 1980s respectively. SEX changed by - 012 on average in the 1970s and - 010 in the 1980s. OCC changed by - 020 and - 017 on average over the same periods.

Source: Anker, forthcoming.

Table 3. Proportion of female non-agricultural employment in female-dominated occupations, 1970, 1980 and 1990

Country / year \ Definition of female-dominated occupations	≥70 per cent female	(No. of occupations)	≥80 per cent female[a]	(No. of occupations)	≥90 per cent female	(No. of occupations)
Finland						
1970	76.3	(49)	56.7	(35)	37.7	(22)
1980	75.2	(49)	61.0	(37)	54.2	(26)
1990	72.2	(49)	60.0	(35)	45.3	(21)
Norway						
1970	57.1	(24)	39.7	(19)	28.0	(9)
1980	72.1	(32)	55.6	(21)	35.9	(14)
1990	56.6	(33)	49.7	(20)	32.2	(12)
Sweden						
1970	72.9	(32)	40.9	(16)	37.5	(13)
1980	72.2	(34)	59.0	(23)	29.8	(13)
1990	69.2	(36)	58.2	(27)	42.2	(13)

Notes: Based on the common classification of 187 non-agricultural occupations for all three Nordic countries. [a]Average OECD value for 1990 using the 80 per cent definition is 22.4 (Anker, forthcoming), based on a classification with only 75 non-agricultural occupations (not 187 non-agricultural occupations as for Finland, Norway and Sweden). Based on a similar occupational classification of 75 non-agricultural occupations, a comparable percentage for the three Nordic countries for 1990 is 48.1. The average change for other OECD countries was -1.7 percentage points for the 1970s and -4.9 percentage points for the 1980s, based on data for nine and eleven other OECD countries, respectively (Anker, forthcoming).

integration of men and women within occupations (SEX) and not at all to shifts in the structure of employment (OCC). It is worth noting that the increased integration of men and women within occupations after 1970 was somewhat faster in Sweden than it was in Finland and Norway.

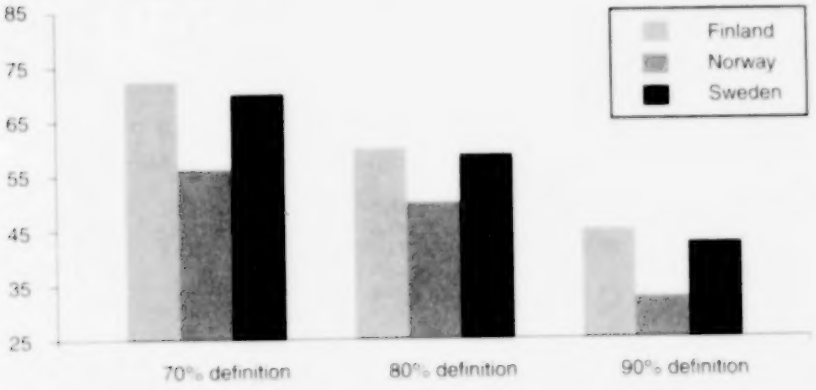
The foregoing analysis thus shows clear evidence that the Nordic countries have: (i) high rates of female labour force participation, and (ii) high levels of occupational segregation by sex, but (iii) decreasing occupational segregation over the period 1970-90.

Gender-biased occupations

It is also informative to analyse the extent to which the labour force is divided into gender-biased occupations, i.e. occupations in which the percentage of workers of either sex is so high that they could be called "male" or "female" occupations. Of course, there is no such thing as a "correct" definition of a male or female occupation. Thus, in analysing data for this purpose it must be borne in mind that the choice of a fixed numeric cut-off point can significantly influence the changes observed within a country over time or across countries at one point in time, especially when one or more large occupations have a percentage of female or male workers very close to the cut-off point (e.g. 80.1 or 79.9 for a cut-off point of 80 per cent). It is for this reason that three definitions (70, 80 and 90 per cent of either sex) are used here.

Table 3 and figures 2 and 3 present the results for female workers in 1970, 1980 and 1990. Table 3 shows both the percentage of the female non-agricultural labour force working in female-dominated occupations and the number of occupations fitting each of the three definitions, i.e. occupations where at least

Figure 2. Percentage of female non-agricultural employment in female-dominated occupations, 1990



70, 80 or 90 per cent of workers are female. For purposes of comparison, average change for other OECD countries using the 80 per cent definition is also provided, based on classifications with approximately 75 non-agricultural occupations (see Anker, forthcoming).

In all three countries, a very high percentage of the female non-agricultural labour force worked in "female" occupations in 1990 — roughly 65 per cent were in occupations where at least 70 per cent of the workers were women, 55 per cent were in occupations where at least 80 per cent of the workers were women, and 40 per cent were in occupations where at least 90 per cent of the

Figure 3. Percentage point change in percentage of total female non-agricultural employment in female-dominated occupations based on 80 per cent definition, 1970s and 1980s

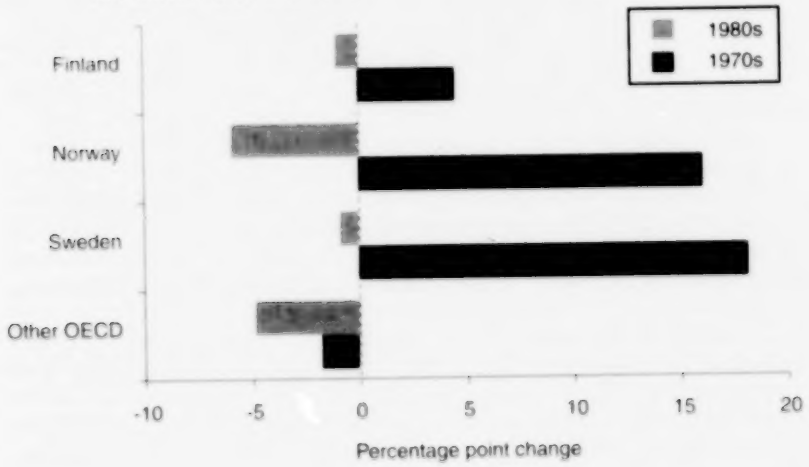


Table 4. Proportion of male non-agricultural employment in male-dominated occupations, 1970, 1980 and 1990

Definition of female-dominated occupations / Country / year	≥70 per cent female	(No. of occupations)	≥80 per cent female [a]	(No. of occupations)	≥90 per cent female	(No. of occupations)
Finland						
1970	80.2	(91)	71.2	(67)	60.9	(51)
1980	74.9	(79)	68.1	(64)	43.1	(39)
1990	71.3	(71)	58.0	(58)	38.1	(36)
Norway						
1970	82.3	(118)	76.7	(98)	68.2	(74)
1980	78.7	(107)	71.8	(89)	55.7	(62)
1990	69.0	(94)	54.3	(69)	38.8	(44)
Sweden						
1970	84.2	(111)	76.8	(90)	59.7	(58)
1980	76.2	(99)	71.1	(79)	40.9	(45)
1990	66.1	(81)	58.1	(64)	39.8	(41)

Notes: Based on the common classification of 187 non-agricultural occupations for all three Nordic countries. [a] Average OECD value for 1990 using the 80 per cent definition is 56.2 (Anker, forthcoming), based on a classification with 75 non-agricultural occupations (not 187 non-agricultural occupations as for Finland, Norway and Sweden). Based on a similar occupational classification of 75 non-agricultural occupations, a comparable percentage for the three Nordic countries for 1990 is 56.2 per cent. The average change for other OECD countries was –4.4 percentage points for the 1970s and –6.7 percentage points for the 1980s, based on data for nine and eleven other OECD countries, respectively (Anker, forthcoming).

workers were women. These rates are not only high in absolute terms — as they indicate that a majority of non-agricultural women workers in Nordic countries work in a "female" occupation — but they are also high in a relative sense as they are much higher than in other industrialized countries. Based on a classification with 75 non-agricultural occupations, approximately 22 per cent of women workers in 14 other OECD countries work in an occupation where women comprise at least 80 per cent of the workforce. Based on a similar number of non-agricultural occupations, this percentage is more than twice as high in the three Nordic countries, at 48 per cent (see Anker, forthcoming). Though similarly high in all three countries, the proportion of the female workforce employed in female-dominated occupations is somewhat lower in Norway than it is in Sweden and Finland (by roughly 10 percentage points in 1990).

As regards changes over the period 1970-90, all three Nordic countries are found to have had roughly the same experiences. Based on the 80 and 90 per cent definitions, the percentage of the female workforce in female-dominated occupations rose, whereas based on the 70 per cent definition it remained more or less unchanged. Over the same period, the number of female-dominated occupations generally remained unchanged. These observations are interesting in that they indicate that a disproportionate share of female labour force growth was absorbed into existing "female" occupations, which expanded, rather than into newly created female-dominated occupations. Women have also been entering male-dominated occupations.

Table 4 shows the male-dominated non-agricultural occupations (to the extent of at least 70, 80 and 90 per cent male). Just as for female-dominated

occupations, there is strong similarity between the three Nordic countries. On average, based on the 70, 80 and 90 per cent definitions, respectively 69, 57 and 39 per cent of all male workers were working in a male-dominated occupation in 1990. These percentages come close to those given in table 3 for women (66, 56 and 40 per cent). They are also similar to those found for men in other OECD countries. In 1990, based on the 80 per cent definition, the proportion averaged 56 per cent for 14 other OECD countries using a classification of 75 non-agricultural occupations. Thus the extent to which men in Nordic countries work in male-dominated occupations is typical for OECD countries.

Figure 4. Percentage of male non-agricultural employment in male-dominated occupations, 1990

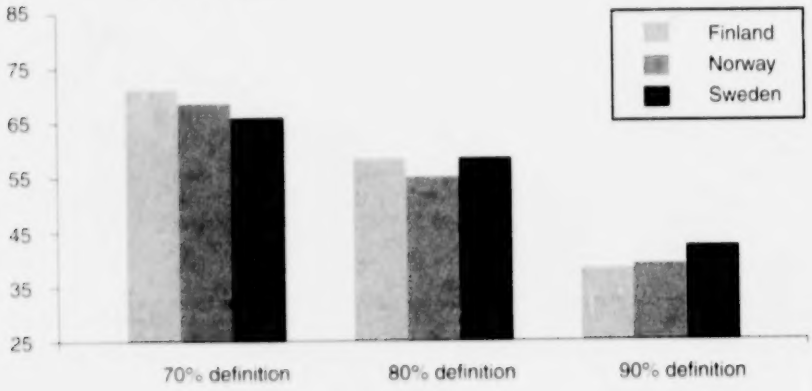


Figure 5. Percentage point change in percentage of total male non-agricultural employment in male-dominated occupations based on 80 per cent definition, 1970s and 1980s

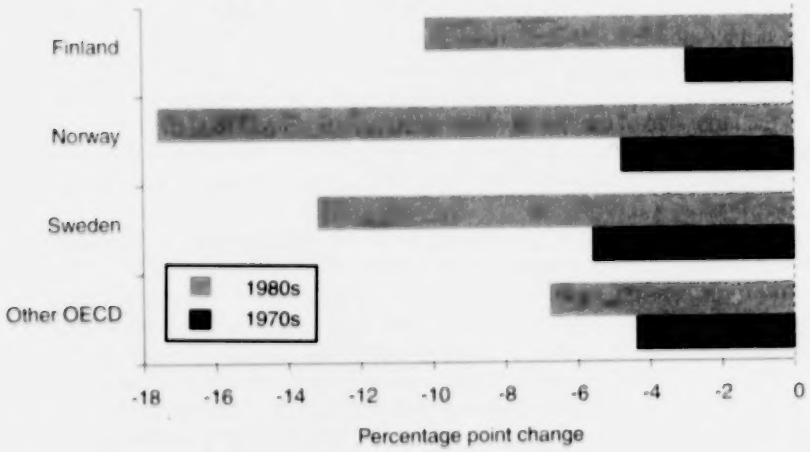


Table 5. The ten most feminized occupations in Finland, Norway and Sweden (based on percentage female in occupation) in 1990

Occupation	Finland		Norway		Sweden	
Housekeepers in private service, child care in families and at home	99.9	(1)	97.7	(2)	96.5	(3)
Home helps (municipal)	99.1	(2)	96.5	(4)	96.0	(4)
Industrial sewers, other cutting, sewing, etc., occupations	97.7	(3)	93.0	(10)	81.6	(26)
Bath attendants, etc.	97.6	(4)	70.9	(33)	55.4	(57)
Milliners and hatmakers	97.4	(5)	57.7	(47)	94.4	(6)
Nurses	97.1	(6)	93.3	(9)	93.8	(7)
Secretaries, typists and stenographers	96.8	(7)	95.8	(5)	92.3	(10)
Hairdressers, barbers and beauticians, etc.	96.8	(8)	90.4	(11)	88.0	(16)
Kitchen assistants	95.8	(9)	89.4	(16)	86.4	(17)
Directors and nursing staff at child day care centres and nursery schools	95.7	(10)	96.5	(3)	95.6	(5)
Assistant nurses and attendants	94.4	(12)	98.4	(1)	92.4	(9)
Telephone switchboard operators, etc.	89.1	(25)	95.8	(6)	97.8	(2)
Technical nursing assistants	92.6	(19)	95.2	(7)	90.8	(13)
Hotel and restaurant matrons	93.1	(15)	94.0	(8)	88.3	(15)
Dental assistants and other health workers	85.9	(27)	89.8	(14)	99.7	(1)
Tailors, salon seamstresses, etc.	85.1	(29)	53.6	(54)	93.3	(8)

Note: Based on the common classification of 187 non-agricultural occupations for all three countries. The first number is the rate of feminization of the occupation. Number in parentheses is rank order in each country among 187 occupations classified (based on percentage female). Where an occupation was noted as being in the top ten for one of the countries, the results were also filled in for the other two countries.

The Nordic countries display an interesting and unique pattern in the world with regard to gender-biased occupations (Anker, forthcoming). They have not only a high percentage of men working in male-dominated occupations (typical of many other OECD countries) but also a high percentage of women working in female-dominated occupations (not typical). This pattern helps to explain the relatively high level of occupational segregation by sex found in the Nordic countries as compared to other industrialized countries — it is mainly attributable to the large size of the female-dominated occupations. Thus, it could be argued that the relatively high level of sex segregation of occupations found in the Nordic countries may not be as bad for women in those countries as it is elsewhere.

The 1970s and 1980s witnessed a tremendous decrease in the number of male-dominated occupations, as well as in the percentage of the total male workforce working in such occupations (see figures 4 and 5). Furthermore, the more "masculinized" the male-dominated occupations were to begin with, the greater the decrease. Thus, on average, while the percentage of the total male workforce working in male-dominated occupations fell by 16.3 per cent (13.4 percentage points, from 82.2 to 68.8 per cent) for occupations where at least 70 per cent of workers were men, it fell by 24.2 per cent (18.1 percentage points,

from 74.9 to 56.8 per cent) for occupations where at least 80 per cent of workers were men, and by 38.2 per cent (24.0 percentage points, from 62.9 to 38.9 per cent) for occupations where at least 90 per cent of workers were men. These are quite astounding falls over what is really a fairly short period of time, and they are putting men under increasing competitive pressure from women. In the Nordic countries, as elsewhere, men are very clearly losing their privileged position of having so many "male" occupations.

Most "feminized" occupations

The ten occupations in which the proportions of female workers were the highest in each of the three countries in 1990 are shown in table 5 (for further details, see Melkas and Anker, forthcoming). If an occupation was noted as being in the top ten for any one country, the results were also filled in for the other two countries based on the common occupational classification discussed above.

There is great similarity between Finland, Norway and Sweden regarding which occupations are the most highly feminized. Five occupations are among the ten most feminized occupations in each of the three countries (housekeeper in private service, child care in the home; home helps (municipal); nurse; secretary, typist and stenographer; directors and nursing staff at child day-care centres and nursery schools). And only 16 occupations are required to represent the ten most feminized occupations in all three countries. Furthermore, only three of the ten most feminized occupations in one country (Finland) are less than 80 per cent female in either or both of the other countries. Yet, even in these few cases — bath attendants, etc., in Norway and Sweden; milliners and hatmakers in Norway; tailors, salon seamstresses, etc., in Norway — the rate of feminization exceeds 50 per cent.

These "female" occupations clearly reflect a very high degree of gender-stereotyping in the Nordic countries. This stereotyping in the labour market is consistent with gender stereotypes in society at large and with the types of abilities and characteristics that are typically attributed to women. Thus, table 5 includes only occupations associated with (i) caring (e.g. nurse; housekeeper and child care; teacher; home helps; health worker), (ii) manual dexterity (e.g. sewer, tailor; hatmaker; secretary; dental assistant), and (iii) typical household-related work (sewer; kitchen helper; hotel and restaurant matron; hairdresser; housekeeper and child care; bath attendant). The only "exception" is telephone switchboard operator, which has been a "female" occupation from its inception.

Occupational status

Nordic countries are proud of their social and labour market policies on gender equality which are reflected inter alia in relatively high percentages of female parliamentarians and relatively low male-female wage differentials as compared to other countries. Yet this situation is not consistent with the high levels of occupational segregation by sex which exist in those countries as indicated above.

Table 6. Comparing feminization of related occupations with differing status[a] in Finland, Norway and Sweden, 1970 and 1990 (basis: common classification)[b]

Pair/group number	Lower and higher status occupation(s)	Per cent female in 1970			Per cent female in 1990			Feminization gap, low-high status occupations						Change in low-high gap 1970-1990		
								1970			1990					
		Finland	Norway	Sweden	Finland	Norway	Sweden	Finland	Norway	Sweden	Finland	Norway	Sweden	Finland	Norway	Sweden
1	Laboratory assistants	65.9	47.0	54.3	73.8	74.2	83.3									
	Chemists and physicists	28.1	27.5	22.5	41.4	35.3	33.2	37.8	19.5	31.8	32.4	38.9	50.1	-5.4	19.4	18.3
2	Assistant nurses, etc	98.9	99.1	97.0	94.4	98.4	92.4									
	Nurses (registered)	99.3	97.6	99.3	97.1	93.3	93.8									
	Physicians	27.4	13.0	18.0	45.0	24.1	33.9	71.5	86.1	79.0	49.4	74.3	58.5	-22.1	-11.8	-20.5
3	Dental assistants	*	99.6	100.0	99.5	99.9	99.7									
	Dentists	*	21.5	27.9	67.3	29.3	41.2	*	78.1	72.1	32.2	70.6	58.5	*	-7.5	-13.6
4	Pre-primary school teachers	99.8	98.6	99.5	95.7	96.5	95.6									
	Primary school and specialized teachers	58.8	56.7	66.8	69.2	61.5	68.9									
	School principals and secondary school teachers	58.3	22.5	41.8	60.4	34.4	53.7									
	University teaching staff	21.3	13.2	20.6	33.9	28.9	31.8	78.5	85.4	78.9	61.8	67.6	63.8	-16.7	-17.8	-15.1
5	Barristers and solicitors[c]	24.6	3.0	5.6	33.3	10.7	15.6									
	Judges[c]	12.0	8.5	12.0	46.1	22.4	37.7	12.6	-5.5	-6.4	-12.8	-11.7	-22.1	-25.4	-6.2	-15.7
6	Kitchen assistants	96.1	90.0	96.9	95.8	89.4	86.4									
	Cooks	93.8	61.8	78.6	82.6	59.8	69.0									
	Kitchen managers, etc	86.9	44.8	73.6	86.2	57.1	58.2	9.2	45.2	23.3	13.2	32.3	28.2	4.0	-12.9	4.9
7	Photographic laboratory assistants[c]	81.2	66.5	63.6	77.2	77.3	61.2									
	Photographers, etc	31.0	17.3	17.4	23.0	32.7	19.6	50.2	49.2	46.2	54.0	44.6	41.6	3.8	-4.6	-4.6
8	Shop assistants	*	75.3	81.3	71.9	75.4	75.2									
	Shop managers	*	17.9	29.5	53.9	36.1	39.8	*	57.4	51.8	18.0	39.3	35.4	*	-18.1	-16.4
9	Commercial gardening workers	62.8	39.3	28.7	52.8	45.9	24.6									
	Commercial gardening supervisors[c]	22.0	9.2	3.2	35.9	30.8	13.4	40.8	30.1	25.5	16.9	15.1	11.2	-23.9	-15.0	-1.6
	Total (unweighted) average:															
	All occupational groups							*37.6*	*45.6*	*40.2*	*26.5*	*37.1*	*32.5*	*-10.7*	*-7.4*	*-6.6*
	Substantial-size occupational groups[d]							*49.2*	*61.9*	*56.2*	*34.5*	*53.8*	*49.1*	*-10.1*	*-8.1*	*-7.1*

Notes: If more than 2 occupations in the comparison, values for highest- and lowest-status occupations are used for calculation of low-high gap. [a] Occupation exists separately only in 1990 classification. [b] Occupations represented in this table are pairs, or groups, of related occupations with clearly different statuses in which workers either: (i) perform similar activities, or (ii) work side-by-side in different occupations. [c] Common classification has 187 non-agricultural occupations. [d] Indicates an occupation with less than 0.1 per cent of all non-agricultural workers in 1990 in at least two of the three Nordic countries. Substantial occupations have more than 0.1 per cent.

A possible explanation for this apparent inconsistency could be that "female" and "male" occupations are separate but equal, i.e. having similar pay and status. One way of testing whether this is the case would be to identify pairs or groups of occupations in which workers: (i) either perform similar activities or (ii) work side-by-side in occupations which have different social statuses (and almost always different pay levels to match). Accordingly, this section looks at the feminization of sets of matching occupations which have relatively high or relatively low status in terms of education, earnings and relative authority. Table 6 presents comparisons based on the common occupational classification.[5]

There is a wide gap in feminization between matching high- and low-status occupations in the Nordic countries. Women are much more likely to be concentrated in the low-status occupation of any matching pair or group. Based on the common occupational classification, the average gap for six sizeable occupations in 1990 ranged from approximately 35 per cent in Finland to approximately 50 per cent in both Sweden and Norway. Furthermore, only one of the nine matching pairs/groups shows a higher rate of feminization in the higher-status occupation (judges as compared to barristers/solicitors). However, the period 1970-90 shows a clear tendency towards a narrowing of the gap in feminization between low- and high-status occupations — by between seven and ten percentage points on average — in the three Nordic countries.

Technical occupations

Engineering is definitely a "male" occupation in the Nordic countries. Roughly 90 per cent of engineers in Finland and Norway were men in 1990 (suitable data are not available for Sweden). Interestingly, there is very little difference in feminization between high- and low-status engineering occupations; rather, both are similarly masculinized. Furthermore, what little change occurred over the 1970s and 1980s in the feminization of engineering occupations tended to increase the feminization gap between high- and low-status engineering occupations. Clearly, engineering is an area of the Nordic labour market from which women are still largely excluded; and this applies to high- and low-status engineering occupations alike.

Another set of technical occupations covered is chemists and physicists as compared to laboratory assistants (see table 6). The latter lower-status occupation has a much higher rate of feminization as compared with the higher-paid and higher-status occupations of chemists and physicists in all three Nordic countries. In 1990, this feminization gap ranged from 32 per cent in Finland to 50 per cent in Sweden. It is interesting to note that Finland's experience over the period 1970-90 differs from that of the other two Nordic countries. Whereas

[5] The pairs and groups of occupations in table 6 have been identified for the purposes of this analysis only and are in no way intended to indicate higher or lower value in terms of economic contribution. A complete set of comparisons (21, 11 and 23 pairs or groups for Norway, Sweden and Finland respectively) based on national occupational classifications is available from the authors. This is not presented here for lack of space.

the gap widened substantially in Norway and Sweden, it narrowed slightly in Finland — largely because the rate of feminization among Finland's laboratory assistants was already high in 1970.

Technical occupations are thus an area of the Nordic labour market where there is a great deal of sex segregation, both horizontal and vertical — not only do men predominate, but men are also more likely to occupy the higher-status and better paid occupations as compared to women.

Medical occupations

Nursing is an important occupation for women around the world (Anker, forthcoming). It is very much a "female" occupation in all three Nordic countries. This applies both to high-status registered nurses and to low-status assistant nurses, although the period 1970-90 shows a tendency for men to have entered slightly faster into the former, higher-status occupation than into the latter.

Comparatively, women are less likely than are men to be doctors. Only 24 per cent (Norway) to 45 per cent (Finland) of doctors are women. However, it is noteworthy that the feminization gap between high- and low-status medical occupations narrowed fairly rapidly over the two decades under study. This was due to women's entry into the "physicians" occupation, combined with the fact that relatively few men entered into nursing occupations.

Thus, while medical occupations are an important source of employment for women, they still show considerable sex segregation, with women much more likely than men to be in lower-status occupations (e.g. nurses and dental assistants as opposed to doctors and dentists). However, this gap narrowed over the period 1970-90 due to the increasing feminization of the occupation of physicians.

Teaching

Teaching is another very important occupation for women around the world, but also one in which there is considerable sex segregation (Anker, forthcoming). This applies to the Nordic countries as well. In 1990, approximately 96 per cent of pre-primary teachers in the Nordic countries were women, but as the school level increases the rate of feminization declines — to about 65 per cent for primary school teachers, 35-60 per cent for secondary school teachers and about 30 per cent for university teachers. As a result, the average gap in feminization between the highest- and lowest-status teaching occupations was approximately 65 per cent in the Nordic countries in 1990. By then, however, the gap had already narrowed by about 15 percentage points since 1970 in all three Nordic countries due to the increasing entry of women into university teaching jobs.

Administrative and legal occupations

According to data from Norway (corroborated by some data from Finland), there are large differences in feminization between related higher- and lower-

status administrative occupations, with much lower feminization rates in higher-status administrative occupations than in lower-status administrative occupations (by approximately 30 per cent in 1990). Surprisingly, the gap widened by about 15 per cent on average over the two decades studied here. This should be a matter of concern for policy-makers in the Nordic countries.

The feminization of the related legal occupations of barristers and solicitors as compared to judges represents a very unusual case in that the rate of feminization is actually higher in the higher-status occupation of judges, as compared to the lower-status occupations of barristers and solicitors. In addition, the feminization gap between the higher- and lower-status occupations widened in favour of women over the period 1970-90. There are a number of possible explanations for these findings. First, the higher-status occupation of judges is less well paid — for similar skills and experience — than are the lower-status occupations of barristers and solicitors. Second, hours of work tend to be more regular for judges and therefore easier to combine with family responsibilities.

Service occupations

In the Nordic countries — as in the industrialized countries in general — service occupations are an area of the labour market in which women are over-represented relative to their share of total employment (Anker, forthcoming). Yet even here in the three Nordic countries there is an average gap of around 25 per cent in feminization between related higher- and lower-status occupations. This gap, however, narrowed by about 10 per cent on average over the period 1970-90. The case of shop personnel/assistants as compared to shop managers/supervisors provides a good example. Whereas women accounted for approximately 75 per cent of shop personnel in the three countries in 1990, they comprised only about 40 per cent of shop managers in Norway and Sweden and 50 per cent of them in Finland. An example of an especially wide gap between related higher- and lower-status service occupations is provided by the case of clerks and their supervisors in Finland's banking and insurance sector. Whereas in 1990, approximately 90 per cent of such clerks were women, only about 45 per cent of their supervisors were women. Postal and telecommunication service workers in Finland and postal workers in Norway provide an interesting exception: in these cases the rate of feminization was actually higher in the higher-status occupations in 1990. In Norway at least, this unusual pattern is due to an exceptional increase in the rate of feminization among postmasters and other postal supervisors, from 13 per cent in 1970 to 67 per cent in 1990.

Conclusion

Summary of findings

The foregoing analysis of occupational segregation by sex in the Nordic labour markets of Finland, Norway and Sweden shows that the level of gender-based occupational segregation has been, and continues to be, high in the Nordic

countries — both in an absolute sense and relative to the levels found in other industrialized countries. Some changes are taking place, however, as sex segregation levels decreased quite substantially over the period 1970-90. Women have been considerably more eager to cross gender barriers between occupations than men who have generally preferred to stay in traditional "male" occupations.

Indeed, the period 1970-90 witnessed an especially rapid decline in the number of male-dominated occupations and in the percentage of the total employed non-agricultural male workforce working in male-dominated occupations in the Nordic countries. There are now far fewer "male" occupations than there were in the early 1970s.

What causes the Nordic countries to have a relatively high level of occupational segregation by sex is the extent to which women work in "female" occupations. The rates at which they do so are not only high in an absolute sense, but they are also much higher than in other industrialized countries. Thus, while approximately half of the employed non-agricultural female workforce of the Nordic countries is in "female" occupations, the corresponding proportion in other industrialized countries averages about one-quarter.

Finland, Norway and Sweden are also very similar as regards those occupations which are the most feminized and the largest employers of women. These occupations are highly sex-stereotyped, involving, for example, "caring" and household-related activities. These findings highlight the important link between the gender-stereotyping of the labour market, on the one hand, and gender stereotypes in Nordic society and the types of abilities and characteristics that are typically attributed to women, on the other. Indeed, the cross-country similarity, which is observed on a number of inequality statistics, implies that cultural and social values play a major role in determining and affecting the sex segregation of occupations, since one would expect greater differences across these countries in light of their differing economic experiences in recent decades. For example, whereas part-time workers comprise approximately 25 per cent of the employed labour force in Sweden and Norway, the proportion is only around 10 per cent in Finland.

An analysis of the extent of vertical segregation, as reflected in the feminization of closely related occupations with different statuses, shows quite clearly that women in the Nordic countries are concentrated in lower-status and lower-paid occupations. Again, the levels and (small downward) trends observed in this respect are very similar in all three Nordic countries studied here.

Concluding comments

Even though the Nordic countries are in many ways models as far as gender equality policies are concerned, women have considerably lower status in Nordic labour markets than do men, and occupational segregation by sex remains high. Also, recent trends such as the increase in atypical employment and the contraction of the public sector, which have been referred to only briefly in this article, are cause for new concern. It may well be that men will

increasingly be regarded as "core workers" who obtain permanent contracts, while women — in particular younger women — have to content themselves with precarious statuses. Yet, in a world of increasing international communication and collaboration, women would gain new opportunities if their skills and abilities were recognized.

A fairly recent publication of the Nordic Council of Ministers states: "In all the Nordic countries, political unity prevails in the awareness that society can progress in a more democratic direction only when both women's and men's competence, knowledge, experiences, and values are recognized and allowed to influence and enrich development in all spheres of society" (Nordic Council of Ministers, 1994, p. 10). Gender-based occupational segregation is one of the most important factors contributing to women's lower status in the labour market. This segregation also negatively affects the efficiency of the labour market as a whole. In addition, gender-based occupational segregation hinders equal opportunities for women and men, which is one of the cornerstones of overall equality in society. Thus, the "political unity" that is said to prevail in the Nordic countries needs to be more effectively translated into practical action in the labour market. Attitudes change slowly, but awareness-raising can play a role in that process.

One could argue that the high degree of occupational segregation found in the Nordic countries — particularly horizontal segregation — is not in itself necessarily bad for women, as long as "male" and "female" occupations are reasonably similar in terms of pay, status, promotion opportunities, independence and authority. Indeed, such segregation could be seen as providing women with a relatively large (and growing) segment of the labour market in which they are protected from male workers. It could also be argued that an intermediate stage on women's way to labour force participation and then to gender equality in the labour market requires women to enter female-dominated occupations first, when the process of increasing labour force participation begins. This may correspond to women's preferences and make the transition considerably easier for society as a whole to accept.

Yet a gender-segregated labour market is not something which should be taken as inevitable or natural, especially in the long run. Nor should it be taken as natural and inevitable that men's parental role is totally subordinate: more equally-shared household and child care responsibilities should be an important policy goal if women's labour market status is to be improved. In the Nordic countries, it is time to strive vigorously for ways of moving on to the next stage on the way to equal opportunities by achieving much greater integration of men and women across occupations. The separate male and female labour markets found in the Nordic countries are indeed far from equal, with occupational segregation typically translating into lower pay and fewer career opportunities for women workers.

References

Anker, Richard. Forthcoming. *Gender and jobs: Sex segregation of occupations in the world*. Geneva, ILO.

Anttalainen, Marja-Liisa. 1986. *Sukupuolen mukaan kahtiajakautuneet työmarkkinat Pohjoismaissa* [Gender-based labour market segmentation in the Nordic countries]. Naistutkimusmonisteita 1:1986. Helsinki, Tasa-arvoasiain neuvottelukunta [Council for Equality between Men and Women].

Barbezat, Debra. 1993. *Occupational segmentation by sex in the world*. Interdepartmental Project on Equality for Women in Employment, Working Paper No. 13, IDP Women/WP-13. Geneva, ILO. Dec.

Blau, Francine D.; Hendricks, Wallace E. 1979. "Occupational segregation by sex: Trends and prospects", in *Journal of Human Resources* (Madison, WI), Vol. 14, No. 2 (Spring), pp. 197-210.

Blau, Francine; Khan, L. 1992. *The gender earnings gap: Some international evidence*. NBER Working Paper No. 4224. Cambridge, MA, National Bureau of Economic Research. Dec.

Borchorst, Anette. 1990. "Political motherhood and child care policies: A comparative approach to Britain and Scandinavia", in Clare Ungerson (ed.): *Gender and caring: Work and welfare in Britain and Scandinavia*. New York, Harvester Wheatsheaf, pp. 160-178.

Gunderson, Morley. 1994. *Comparable worth and gender discrimination: An international perspective*. Geneva, ILO.

Julkunen, Raija. 1992. *Hyvinvointivaltio kaannekohdassa* [The Welfare State at a turning point]. Tampere, Vastapaino.

Kandolin, Irja. 1993. "Women's labor force participation and sex segregation in working life", in Kaisa Kauppinen-Toropainen (ed.): *OECD Panel Group on Women, Work and Health — National report: Finland*. Helsinki, Ministry of Social Affairs and Health/Institute of Occupational Health.

Kauppinen, Kaisa; Haavio-Mannila, Elina; Kandolin, Irja. 1989. "Who benefits from working in non-traditional workroles: Interaction patterns and quality of worklife", in *Acta Sociologica* (Oslo), Vol. 32, No. 4, pp. 389-403.

Kauppinen-Toropainen, Kaisa. 1993. "Introduction", in Kaisa Kauppinen-Toropainen (ed.): *OECD Panel Group on Women, Work and Health — National report: Finland*. Helsinki, Ministry of Social Affairs and Health/Institute of Occupational Health.

Kauppinen-Toropainen, Kaisa; Kandolin, Irja; Haavio-Mannila, Elina. 1986. "Töiden jakautuminen sukupuolen mukaan ja naisten työn laatu" [Occupational segregation by sex and the quality of women's work], in *Työterveyslaitoksen tutkimuksia* (Helsinki), Vol. 4, No. 3, pp. 209-222.

Lehto, Anna-Maija. 1991. *Työelämän laatu ja tasa-arvo: Naisten ja miesten työolojen muutoksia 1977-1990* [Quality of working life and equality: Changes in working conditions of women and men in 1977-1990]. Työolokomitean mietinnön 1991:39 liiteselvitys; Tilastokeskus, Tutkimuksia 189. Helsinki, Ministry of Labour/Statistics Finland.

Lewis, Jane. 1992. "Gender and the development of welfare régimes", in *Journal of European Social Policy* (Harlow), Vol. 2, No. 3, pp. 159-173.

Melkas, Helinä; Anker, Richard. Forthcoming. *Occupational segregation and labour market differentials by sex in the Nordic countries of Finland, Norway and Sweden*. Geneva, ILO.

Nätti, Jouko. 1994. *A Nordic model of women's employment*. Paper presented at the 16th Conference of the International Working Party on Labour Market Segmentation, Strasbourg, 15-19 July.

Nordic Council of Ministers. 1994. *Women and men in the Nordic countries: Facts and figures 1994*. Nord 1994:3. Copenhagen, Nordic Council of Ministers.

Rubery, Jill; Smith, Mark. 1996. *Factors influencing the integration of women into the economy*. Paper presented at the ILO/European Commission Seminar on Women and Work in Europe, held in Turin, 18-19 April.

Taylor-Gooby, Peter. 1991. "Welfare State regimes and welfare citizenship", in *Journal of European Social Policy* (Harlow), Vol. 1, No. 2, pp. 93-106.

UNDP. 1995. *Human development report 1995*. New York, Oxford University Press.

United Nations Economic Commission for Europe. 1995. *Women in the ECE region. A call for action*. Geneva, United Nations.

Uusitalo, Hannu. 1989. *Income distribution in Finland. The effects of the Welfare State and the structural changes in societs on income distribution in Finland in 1966-1985*. Central Statistical Office Studies No. 148. Helsinki, Statistics Finland.

Industrial & Labor Relations Review

OCTOBER 1997 **VOL. 51, NC. 1**

Some Articles in This Issue:

Loyalty, Voice, and Intent to Exit a Union Firm: A Conceptual and Empirical Analysis Karen E. Boroff and David Lewin

The Influence of Industrial Relations Factors on U.S. Foreign Direct Investment Abroad William H. Cooke

Do Unions Reduce Investment? Evidence from Canada Cameron W. Odgers and Julian R. Betts

The Impact of Psychiatric Disorders on Labor Market Outcomes Susan L. Ettner, Richard, G. Frank, and Ronald C. Kessler

Some books reviewed:

Single World, Divided Nations: International Trade and OECD Labor Markets (Robert Z. Lawrence)

Gastonia 1929: The Story of the Loray Mill Strike (John A. Salmond)

Militancy, Market Dynamics, and Workplace Authority: The Struggle over Labor Process Outcomes in the U.S. Automobile Industry, 1946-1973 (James R. Zetka, Jr.)

Trade Unions and Democratic Participation in Europe: A Scenario for the 21st Century (Gerard Kester and Henri Pinaud)

The U.S. Labor Movement: References and Resources (Robert N. Stern and Daniel B. Cornfield.

Annual rates (four issues), U.S.: $26 individual; $43 institution.
Foreign: $34 individual, $50 institution.

Also available: **Cumulative Index, 1947-1997.** 332 pp. $18 U.S.; $20 foreign.

ILR REVIEW 201 ILR Res. Bldg., Cornell University Ithaca, NY 14853-3901

Telephone: (607) 255-3295 Fax: (607) 255-8016 E-mail: BLK5@cornell.edu

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

The social construction of office space

Christopher BALDRY *

Since the 1920s social science has tended to ignore the physical work environment in any analysis of the changing paradigms of work organization. Yet the office building, office space and office work are interrelated, and the failure to recognize the physical aspects of this relationship may severely restrict our understanding of the determinants of work organization. Space and built structures have both a functional and a symbolic relationship to social organization. Until the early years of this century, for example, churches and city halls were the most imposing urban structures, but they came to be dwarfed by such new temples of capital as the 58-storey Woolworth Building, the "cathedral of commerce", built in New York in 1913. Office buildings are meant to impress, but current human resource management thinking suggests that they may send those who work in them daily signals which run directly counter to the goals and commitments of the company.

The office

"The office" is one of those terms, like "the factory", which both describe a particular sort of building and refer to a specific form of work organization.[1] Treatment of the office in the social sciences has understandably concentrated on the latter meaning, so that "the office" has become conversational shorthand or a metaphor for all non-manual, mental, indirect work, and has seldom been concerned with the built environment within which this activity takes place. This was not always the case – the early social psychologists were very concerned with the effects of environmental factors such as lighting and temperature on worker "fatigue", as it was then termed – but this interest in the physical environment declined sharply following the publicity given to Mayo's

* Senior Lecturer in Industrial Relations, Department of Human Resource Management, University of Strathclyde, Glasgow.

[1] And both of course differ fundamentally from the abstract legal concept of "office" as a position held, especially of a public nature.

Copyright © International Labour Organization 1997

interpretations of the early lighting experiments at Hawthorne (Gillespie, 1991).

Yet a moment's thought reveals that, just as the social patterns of office work have undergone massive transformation in little more than a century, so too have both the external appearance and the interior layout of office buildings, from the early Dickensian counting-house (Lockwood, 1958) to the glass and steel towers of the late twentieth century. These three aspects of "the office" – the office *building* (for most people symbolized by its exterior), the office *space* within the building, and office *work* within that space – have displayed a remarkably synchronous development. This could, of course, be sheer coincidence or it could indicate a more significant relationship between office building and office work than has previously been admitted.

This article is an exploratory attempt at bringing together these parallel aspects. By drawing on social and architectural histories of the office and on contemporary accounts, it is hoped to build up an integrated picture and to show how social structures and architectural structures interact and affect each other, in terms of both what they symbolize and how they work.

Buildings, power and control

The architect Tom Markus (1993) points out that work buildings are structures of control, encompassing physical control over raw materials and capital and social control over the utilization of labour power. Writers on the labour process have seen the factory or the mill as originating in the necessity to house and control the emergent social relations of the capitalist labour market (Marglin, 1976). Similarly, Foucault's perception of the significance of Bentham's "Panopticon" model prison directs attention to the function which buildings fulfil in industrial capitalism in facilitating social control through surveillance (Foucault, 1979; Markus, 1993).

While these insights are crucial to the understanding of how people use buildings, on their own they are limiting, since they offer an essentially functional view of spatial structures. To concentrate the discussion on, for example, the degree to which the development of the open-plan office facilitated both flow-line organization and visual superintendence is to overlook the impact of a building at other levels. When we look at, and even more when we enter, these buildings, what is it that tells us what kind of social activity is appropriate? In other words, why does a hospital look and "feel" like a hospital and an office look and "feel" like an office? Architectural semiotics suggests that the way in which people artificially reorder their environment will invariably involve signs and symbols of visual communication, representation and expression. The building itself will give out signals, a typological code (Eco, 1980), subtly communicating the kind of building it is and what kind of social activity is appropriate within it (Stimson, 1986).

Eco (1980) gives a useful example of this distinction between function and sign. The outside of a typical contemporary office block might consist of a curtain wall of smoked glass with perhaps fill-in panels of light metal, the whole making a grid with a regular pattern or rhythm that the observer

instinctively interprets as an "office"; if familiar with the works of twentieth-century artists such as Mondrian, the observer might also subconsciously add "modern". But this effect is created by nothing more than windows. These have a function – to admit light and, sometimes, ventilation into the structure – but the outsider looking at the curtain wall sees not so much the function as the symbol. However, to the office-worker inside the building, these windows provide a valued point of contact with the outside world; they are a source of natural light and may also have the disadvantage of being a source of solar thermal gain during the day. From the inside looking out, function is everything and the symbol is irrelevant.

If it is accepted that a particular kind of work building such as the office can send out signs and symbols, it may be hypothesized that these take the form of:

Signals to non-occupants, especially customers or competitors. Most of these signals emanate from the visual appearance of the external structure of the building. Thus the manager of a new office tower in the 1960s could say:

> We wanted to impress an "image"... of the strength and size of CIS through the medium of a modern office building. Very few people see our balance sheet or read our chairman's report but this new building will be a constant reminder that the CIS is a large and first-class insurance office (Manning, 1965, p. 81).

Signals to occupants about their status and appropriate behaviour. While the external appearance of the building is sometimes influential here, too, these signals are more likely to relate to the way the internal space is used, allocated and furnished. For example, Crozier's Parisian office-workers in the early 1960s interpreted their shabby dull office and its lack of amenities as meaning "they don't care for us" (Crozier, 1964, p. 33).

The social contours of office space

To break this down still further, it may be posited that spatial signals about status and behaviour will be transmitted in the following ways:

The degree to which space is personalized. The sense of personal work space or territory is important to us all. If not expressly forbidden, we decorate our office walls, desks or VDUs with pictures, postcards or artefacts that are designed to tell observers a little bit about us as people: I am a name and not a number, however large the organization. This concept of personal space is often expressed by workers in terms of "privacy", which in itself suggests a degree of control over the immediate working environment: can the office-worker shut the door on others, control noise levels or the audibility of conversations and regulate the temperature or lighting to suit his or her personal standards of comfort?

The amount of space which is allocated to individuals, groups or grades within the organization. It is a commonplace observation in workplaces of all sorts that the higher your position in the hierarchy, the larger the work space you will have. For example, in the British Civil Service in the 1970s an Assistant Secretary got 200-250 sq. ft., an Executive Officer 75-90 sq. ft., and a

Clerical Officer a mere 55-65 sq. ft. of work space (Kelly, 1980, p. 84). An extra element in this hierarchical ordering is the way in which space has historically been allocated between men and women. In nineteenth-century offices in the United Kingdom, the first women office-workers actually worked in separate rooms from the men (Delgado, 1979; Crompton and Jones, 1984). While these attempts at spatial segregation were eventually abandoned, a government survey in the early 1960s found that men tended to have nearly 20 per cent more space allocated to them than did women (although there is no indication whether this difference persisted into the higher grades if women kept pace with men) (Langdon, 1966).

Décor. The hierarchical ordering of space also extends to the degree of furnishing, the size of desk and the state and upkeep of décor. The fact that space is deliberately ordered to give signals about hierarchy and status, and that this is read as such by all occupants, is graphically illustrated in the account of one of Jean Tepperman's office-workers. After describing "Mahogany Row", in which the insurance company's top executives worked and which was noticeable for its wood panelling, expensive wallpaper and air conditioning, she concludes: "Even their secretaries have nicer desks than everybody else's secretaries. You can walk in there and look at someone's chair and know what their position is" (Tepperman, 1976, p. 59). Feminist writers on office work have often commented on gendered differences in décor, noting that the higher the concentration of women in a particular area of the office, the lower the standard of furnishing (Benet, 1972; McNally, 1979, p. 161).

Social configurations within space. Are the arrangements, such as the placement of desks, "sociopetal" (bringing people together) or "sociofugal" (keeping them apart) (Hall, 1966)? Do the spatial arrangements allow or prevent conversation? Does the use of space indicate autonomy or supervision?

All these uses of space represent sets of strategic choices which, while they may be made on functional grounds (for surveillance, or to facilitate work organization), also create a semi-permanent physical configuration, the built environment, which sends its daily messages to the people who work within it, boosting the status and sense of autonomy of some, while denying status to others and stripping them of autonomy.

In little more than one hundred years, white-collar work has come to dominate capitalist employment patterns across the globe and the office has grown in size and been subject to several waves of restructuring. Social science has debated the changing white-collar labour process, with its sub-themes of mechanization and Taylorization, feminization, "proletarianization" and the decline in status (Klingender, 1935; Crompton and Jones, 1984; Smith, Knights and Wilmott, 1991). This should now be supplemented by an examination of the relationship between the changes to white-collar work and the accompanying development in the way that space is used in the office.

The post-1945 office boom

In most of the industrial nations, the postwar period witnessed an enormous expansion in the percentage of the working population employed in white-collar work, as capital concentration and mergers increased the size of commercial organizations and the postwar social settlement resulted in the expansion of public sector administration. To house these swollen legions of office-workers, the office building changed shape, not only becoming larger and visually more impressive to reflect the enhanced economic value of white-collar processes, but also shifting the configuration of its inner space.

Opening up the office

In the United States, in the 1930s, the larger size of organization and attempts to apply Leffingwell's principles of office management had already seen the development of the "bull-pen" office, often housing a centralized function such as the typing pool. It is tempting to see the bull-pen as the Taylorization of space: a large open-plan area in which desks were in regimented rows facing the same way with no visual or acoustic privacy, while around the periphery were cellular offices for management and supervisory staff, often with windows on to the central area to aid visual superintendence (Aronoff and Kaplan, 1995, p. 28). In Europe, the open-plan arrangement spread much more slowly as an organizational paradigm because of the lower level of capital concentration, however, by the early 1960s, some examples were being constructed in areas of bulk repetitive processes or in sectors such as insurance which had an "industrial"-type workflow.

The advantages to management of an open-plan were enormous. In the traditional cellular office, connecting corridors and unusable space behind doors constituted an expensive waste of space. Replacing structural walls and doors with portable dividers made open-plan offices cheaper to build and it was less expensive to install infrastructure such as heating and ventilation. In addition, there were the organizational advantages of easier line-of-sight supervision and hierarchical communication and the development of flow-line work organization (Mills, 1956; Manning, 1965, p. 82).

It soon became clear that managers' and employees' experience and perception of an open-plan differed markedly. A United Kingdom study in the mid-1960s of a new 24-storey insurance building in Manchester, specifically designed as open-plan, provides valuable case-study material (Manning, 1965). In a survey conducted two years after occupation, when asked to rank statements about small versus large offices, management responses were overwhelmingly in favour of the latter. In giving their reasons, in addition to recognizing the economic and organizational advantages mentioned above, most of the managers' responses revealed a clear control element: "easier overall visual supervision", "records kept centrally reduces the excuses to leave the room", "facilitates uniform standards of discipline", "wasted journeys can be saved if one can see whether someone is at their desk" (Manning, 1965, p. 123).

However, the shift to open-plan was not liked by the employees questioned.

Nearly three-quarters of the 2,500 staff members agreed with the statement "larger offices make one feel relatively unimportant", and other popular responses were that there was a sense of being watched all the time and that a feeling of impermanence and lack of security had been created. What is interesting about these responses is that for both groups there is a clear awareness of the relationship between space and control.

Perhaps more important is the signal which an open plan gives to workers as regards their relative importance, as noted above and as recorded in other research. Oldham and Brass (1979), observing the transfer of a United States Midwest newspaper from its previous premises to an open-plan office, found that the initial enthusiasm of the workforce soon turned to dislike. In addition to lack of privacy and increased noise and distraction, workers mentioned the air of impersonality and a decline in the perceived importance of their own tasks. It would seem that the open-plan office gives the worker a more holistic spatial view of the organization, within which his or her own individual tasks become relatively insignificant.

The office landscape

What seemed to many to be an answer to the well-publicized dislike of these regimented open-plan clerical factories originated in Germany in the 1960s in the *Bürolandschaft* or "office landscape" idea. This aimed to provide flexible, interesting interiors suitable for group or team needs. Work space was generously apportioned, a high quality of interior furnishings, plants and décor was provided and rest and refreshment areas were introduced to replace the fixed tea-break or the morning refreshment trolley. Privacy was to be created by means of acoustic screens and significant attention was given to the configuration of desks into the now familiar "island" groupings rather than the regimented rows described earlier.

Developed in the context of the harmonious industrial relations in postwar Germany, such offices were supposed to reflect a democratic and egalitarian style of management, with considerable emphasis on participation in exercises such as a pre-planning survey of patterns of work and associated space needs (Browne, 1970, p. 21). However, when translated to the speculative property markets of North America, and in their wake to the United Kingdom, the concept was soon stood on its head. When combined with the development of systems furniture – a range of modules that could be assembled and reassembled in a variety of work settings – office landscape became merely open-plan with added plants, and was seen as a way, not of creating generous flexible space, but of getting more people on to a given floor area. Most offices today retain the form but not the substance of this idea: the carpets, plants and grouped workstations are there but not the space, the concern with privacy or the ideology.

One reason why the emphasis on spatial quality was dropped was the shift in the climate of the labour market. Like the Swedish Volvo experiments in work organization, office landscaping in its original form was a way of attracting and securing labour in the conditions of overfull employment prevailing in the 1960s. Also, white-collar workers were becoming unionized at a significant

rate and it was, perhaps, hoped that civilizing and democratizing the working environment would forestall further union recruitment. By the late 1970s the shift away from full employment made these considerations less urgent and, in addition, other developments such as the energy crisis were causing management to look very hard at office costs. In this climate, office landscaping as originally envisaged was a needless luxury.

The electronic office

Mainframes and window frames

By the early 1970s white-collar workers accounted for around half of all those in employment in the major industrialized countries and this shift in the structure of the labour force suddenly produced a double crisis. Firstly, escalating costs of office labour and undercapitalization had created a bottleneck in productivity compared with the gains that the early phase of hard automation had achieved in production. Secondly, the oil crisis of 1973 and the consequent hike in the costs of space heating and lighting almost overnight made these corporate showcases expensive. The crisis was temporarily resolved towards the end of the decade when, like the cavalry coming over the hill, the computer appeared on the office horizon. Not only did information technology (IT) hold out the promise of productivity gains to match those on the shop-floor (and perhaps making it easier to measure clerical work), it also had a dramatic effect on the management of buildings.

Following the energy crisis, office buildings were increasingly constructed as almost entirely sealed, or "tight", structures with no opening windows and a total reliance on mechanical heating and ventilation. As the 1980s progressed, IT was incorporated into these structures to create the optimistically titled "intelligent building" (Atkin, 1988). Originally heavily promoted in the United States by the telecom companies that succeeded the break-up of AT&T (Aronoff and Kaplan, 1995), the intelligent office building was not only designed for IT use but also boasted a computerized building management system to control automatically levels of heating, ventilation, lighting (and in some cases fire and emergency alarm systems), all in the name of minimizing energy costs.

This trend in construction and design can be seen as a further Taylorization of the working environment, transferring even such limited control as the ability to open a window or turn on a light from the office-worker to management (or more specifically to the new specialized function of "facilities management"). It became so important to remove any vestige of control occupants might still have had over energy-consuming activities that, where localized thermostats were fitted to heating systems, it was not uncommon for them to be locked for non-managerial staff or, even more manipulatively, for dummy controls to be fitted, to give occupants the impression that they controlled their environment (Tepperman, 1976, p. 135; Wilson and Hedge, 1987, p. 37; Aronoff and Kaplan, 1995, p. 110).

The skills debate

The big question of the 1980s was whether IT would intensify the Taylorization of white-collar work (Braverman, 1974), or whether it would help to reprofessionalize the office-worker and reverse the process of routinization (Lane, 1988). By the end of the decade most research evidence showed both hypotheses to be oversimplified. While there was evidence of continued deskilling (Crompton and Reid, 1982; Collinson, 1993), it seemed that IT frequently served to amplify the existing characteristics of jobs, increasing job content and responsibility for some and decreasing them for others, depending on such variables as sector, job grade and sex (Webster, 1986; Ramsay et al., 1991).

The computerization of white-collar work began to be reflected in changes in the use of office space. One reason for the disappearance of the ordered ranks of desks of the early open-plan office was that IT rendered direct visual surveillance unnecessary. Electronic surveillance and monitoring of output and activity through VDU screens and telecom equipment became widespread (Appelbaum and Albin, 1989; Lyon, 1994). This contributed to an overall increase in stress, which combined unpleasantly with the other new health hazards of office work emanating from intensified use of the new technology (Dy, 1985; Craig and Phillips, 1991) and also from the working conditions in the new sealed, computer-controlled environment, producing the "sick building syndrome" (Wilson and Hedge, 1987; Bain and Baldry, 1995). Whereas in the offices of the 1950s and 1960s the major environmental complaint had been about traffic noise from the streets outside (Manning, 1965; Langdon, 1966), the sealed building effectively exchanged these problems for a wide range of new complaints about air quality and thermal comfort over which office-workers had no control. As early as 1984, a United Kingdom survey on women and employment found significant increases in the incidence of eyestrain, headaches, backaches, tiredness and depression, the women blaming equally the technology, the stress of the job, fears of redundancy and aspects of the lighting and air-conditioning (Liff, 1990).

The integrated office

The "first wave" of information technology automated individual tasks such as calculation or typing (and as such can be seen as a continuation of the earlier process of mechanization). However, it has been argued that the full potential of IT has only recently begun to be realized (Hughes, 1996). In the current "second wave", whole procedures such as processing a mortgage application or an insurance or benefit claim are rationalized so that data from previously separate procedures relating to a given customer are integrated, with implications for the potential recomposition of white-collar tasks (Castells, 1989, p. 140).

This integrated processing of data has reinforced several locational, organizational and environmental tendencies in white-collar work. Locationally, it has meant the creation of large administrative centres or the new telephone

call-centres often well away from the high-street bank branch or benefit office. Organizationally, it has facilitated the adoption of team-working and the delayering of office hierarchies, which has been reflected in a shift in the use of the built environment. The way IT networks operate means a reduced necessity for the hierarchical ordering of space that was such a notable feature of the earlier office. Baran (1988) describes how the initial automation and restructuring of the insurance industry around flexible working and team structures in the early 1980s led to the walls of private offices being torn down and managers, professionals and clerks working side by side in areas divided off only by shoulder-high partitions. Today the office is being designed as a flexible shell within which, in theory, teams can be located and relocated as required (the frequency of such relocation being known to space planners as the "churn rate").

These various developments have produced a new argument, namely that, although on its own IT might not bring about the reprofessionalization of white-collar work, its use in team-working, empowerment, total quality and similar organizational developments will make the office-worker a flexible and polyvalent "new professional". This is a theme which has been taken up by architects and promoters of the "office of the future" (Duffy, Laing and Crisp, 1993). "New professionalism" is, of course, yet another version of the "new middle class" thesis (Smith and Wilmott, 1991) and while it may conceivably become a reality for the delayered managers, technicians and supervisors now thrown into the new flexible space, it seems very remote from the daily experience of routine office-workers in the new call-centres and centralized back-office finance functions. Kerfoot (1995) has described the "factory-like" atmosphere of the new administrative centres, with their insistence on performance standards such as time targets and error rates, their measurement and costing devices and their monitoring of telephone clerks via the very equipment that they use. Here the new routine clerical jobs offer neither career structure nor task variety and labour turnover among full-time staff is high. Moreover, as Crompton (1988) points out, much of the debate on *re*professionalism in the office ignores the phenomenon of feminization: unlike the male clerks in the first half of the nineteenth century, when literacy and numeracy skills were scarce, historically most women office-workers were not "professional".

Signs of the times

With such organizational changes have come changes in the signals which organizations wish their buildings to send out, although these differ considerably depending on the nature of the white-collar process involved. In the high street, the combination of the IT revolution and the deregulation and integration of the financial sector has resulted in the bank branch, now more concerned with selling the customer a range of financial packages, undergoing a facelift to emphasize modernity and accessibility: gone is the mahogany barrier of the tellers' desk and instead chrome and light furnishings are much in evidence, company logos are prominently displayed and the front-office functions are visibly accessible to customers (Halford and Savage, 1995).

In the central business districts of cities, office buildings have changed from works of art, such as the Chrysler Building in New York, into fortresses. Soja (1989) has described the office complexes of Los Angeles as fortresses of power, protected from the hostile inner city and its threatening occupants, and linked with each other electronically. In European cities the same processes are at work, if scaled down. The walls of reflecting glass repel visual intrusion and, within these stockades, the omnipresent security desk as physical barrier between the open foyer and the closed inner space, the security cameras, the issuing of passes to visitors, the use of magnetic swipe-cards which give limited degrees of access to different parts of the building but also record who has entered which area and when, all send their message of surveillance not only to the casual visitor but daily to the employee.

The headquarters office has long aspired to be an icon of modernity externally, and the advent of IT has enabled it to develop an idealized view of its internal image as well. Webster describes how IT manufacturers' sales material tends to depict "glamorous secretaries in air-conditioned offices, surrounded by pot plants and smiling into visual display units" (Webster, 1992). Television advertising frequently depicts such modern office interiors with teams of young professionals gathered around some piece of technology, jointly problem solving. In a buyer's labour market, clearly these images do not aim to attract employees, as they did in the 1960s, but are directed at managers as prospective purchasers of systems. The message is: "With our technology your office becomes a modern, glamorous, progressive place".

The reality of white-collar work in the 1990s, however, is more likely to be found in the back-office administrative functions housed in anonymous office buildings or telephone call-centres, often without even a sign outside to indicate what goes on there or who occupies them. There is no need for signs, as few customers are aware of the administrative staff's existence or of the fact that, when they telephone the bank or insurance company, it is here and not at their local branch that their call will be processed.

The sheer anonymity of such buildings, inside and out, tells the workers that they are nothing special. In the flexible, allegedly "post-Fordist", office (Duffy, Laing and Crisp, 1993) the concept of a personal work space is coming close to being eradicated altogether. Attempts by office-workers to personalize their workstation with small furry animals on top of the VDU or postcards on its side are increasingly disallowed. In some offices "clean desk" policies aimed at minimizing paper dictate that nothing must be left on the desktop at the end of the day: anything that needs saving should be saved electronically and the rest should be put in the waste-bin. Also, with the increasing use of temporary labour and practices such as teleworking, it is more common to find "hot desking" – the allocation to staff not permanently in the office building (temporary workers, those working at home or frequent travellers) of any workstation that happens to be vacant, in preference to tying up space that would be underutilized.

With the diminishing status of office-workers has come further diminished control over their immediate environment. Whereas when it was cold the nineteenth-century clerk could put another piece of coal on the fire, the 1990s

office-worker might have to complain to the supervisor, who would take it to the departmental manager, who would ring down to the maintenance engineer employed by the development company that owns the building, who might be able to adjust the building maintenance software to deliver more heat.

Conclusion

This article is a plea for the built environment to be reincorporated into the analysis of work and is by no means intended to be an exhaustive social history of the office, or indeed of office architecture. Rather, by giving an overview of recent developments in structure and use, it attempts to illustrate their interconnectedness. Just as we reject the inevitability of technological systems design (Noble, 1979), we should reject an architectural determinism regulating the shape or spatial configuration of buildings.

Evidence is widely available to support the hypothesis that buildings represent the results of strategic decisions. In Sweden, for example, open-plan offices have seldom been built, since they are seen as detrimental to the quality of working life (Doxtater, 1994). Historically, employers have felt the need in varying degree to make the working environment attractive; initiatives such as office landscaping have come and gone with the fluctuating fortunes of the labour market and threats of white-collar militancy.

The sociological debates over class position and the deskilling/reskilling of clerical work have, understandably, focused on the office-worker and office work. An examination of the accompanying environmental changes, however, shows that the physical possibilities – and limitations – of the built environment have at various times fostered Taylorist, gender-based and bureaucratic control systems, thus reinforcing the impression of the steady routinization and intensification of white-collar work. However, the developments have been neither uniform nor linear and the relationship between work organization and the built environment is complex and dialectical rather than causal in either direction.

Work buildings offer their corporate occupants control not only over labour processes, but over energy and operating costs, technology, markets and information. This seems likely to ensure that, when choices on premises are made, the control of energy or overhead costs will take priority over delivery of pleasant and healthy working conditions, for two reasons. Firstly, such decisions are likely to be the responsibility of different functions within management, so attempts to implement them simultaneously within the same built environment may set up conflicts of priority. In the management hierarchy, financial and production managers will have a greater say in strategic locational decisions on premises than personnel or human resources managers; the latter are more likely to be called in to deal with complaints from the employees about working conditions once the premises are occupied.

Secondly, in a speculative property market, architects and developers do not know the precise nature of a tenant's work or work organization apart from the probability that it will involve IT, so in recent years they have concentrated

their efforts on marketing the office building as being energy-efficient and as providing flexible work space. How the tenants use that space is left up to them.

Thus the signs and the functions of office buildings can undermine as well as reinforce each other, so that an image of corporate prestige conveyed by the external façade of the building may be cancelled out by a feeling of individual worthlessness by the employee in the open-plan office. The current human resource management rhetoric of team-working and enhanced employee commitment may be vitiated by the daily message communicated by a building which seems anonymous and insulated from the outside world, where space is used as a means of control, and which may regularly make you ill (Baldry, Bain and Taylor, 1997).

Rapoport (1980) has argued that built environments communicate information or clues about the spatial, temporal, social and other forms of ordering society, society's priorities, hierarchies and lifestyles. If that idea is applied to the office, it becomes clear that the decline from the high trust, high status of the male clerk in the nineteenth-century counting-house to the low trust, low status of office-workers in today's electronic caverns has been paralleled by functional changes in the configuration of office space, by the growing inability of the white-collar worker to control the working environment, and by a shift in what that environment signals to its occupants.

References

Anderson, Gerry (ed.). 1988. *The white-blouse revolution: Female office workers since 1870*. Manchester, Manchester University Press.

Appelbaum, Eileen; Albin, Peter. 1989. "Computer rationalization and the transformation of work: Lessons from the insurance industry", in Wood, pp. 247-265.

Arnoudt, Stanley; Kaplan, Audrey. 1995. *Total workplace performance — Rethinking the office environment*. Ottawa, KDI Publications.

Atkin, Brian (ed.). 1988. *Intelligent buildings*. London, Kogan Page.

Bain, Peter; Baldry, Christopher. 1995. "Sickness and control in the office — The sick building syndrome", in *New Technology, Work and Employment* (Oxford), Vol. 10, No. 1 (Mar.), pp. 19-31.

Baldry, Christopher; Bain, Peter; Taylor, Philip. 1997. "Sick building syndrome and human resource management", in Rostron, pp. 99-123.

Baran, Barbara. 1988. "Office automation and women's work: The technological transformation of the insurance industry", in Pahl, pp. 684-708.

Benet, Mary. 1972. *Secretary: Enquiry into the female ghetto*. London, Sidgwick & Jackson.

Braverman, Harry. 1974. *Labour and monopoly capital: The degradation of work in the twentieth century*. New York and London, Monthly Review Press.

Broadbent, Geoffrey; Bunt, Richard; Jencks, Charles (eds.). 1980. *Signs, symbols and architecture*. Chichester, John Wiley & Son.

Browne, E. John. 1970. *The open plan office — Principles and design*. London, Institute of Office Management.

Castells, Manuel. 1989. *The informational city: Information, technology, economic restructuring and the urban-regional process*. Oxford, Basil Blackwell.

Clark, Jon (ed.). 1993. *Human resource management and technical change*. London, Sage.

Collinson, David. 1993. "Introducing on-line processing: Conflicting human resource policies in insurance", in Clark, pp. 155-174.

Craig, Marianne; Phillips, Eileen. 1991. 2nd edition. *Office workers' survival handbook*. London, The Women's Press.

Crompton, Rosemary. 1988. "The feminisation of the clerical labour force since the Second World War", in Anderson, pp. 121-143.

—; Jones, Gareth. 1984. *White-collar proletariat: Deskilling and gender in clerical work*. London, Macmillan.

—; Reid, Stuart. 1982. "The deskilling of clerical work", in Wood, pp. 163-178.

Crozier, Michel. 1964. *The bureaucratic phenomenon*. London, Tavistock.

Delgado, Alan. 1979. *The enormous file: A social history of the office*. London, John Murray.

Dovstater, Dennis. 1994. *Architecture, ritual practice and co-determination in the Swedish office*. Aldershot, Avebury.

Duffy, Francis; Laing, Andrew; Crisp, Vic (eds.). 1993. *The responsible workplace*. Oxford, Butterworth.

Dy, Fe Josefina. 1985. *Visual display units: Job content and stress in office work*. Geneva, ILO.

Eco, Umberto. 1980. "Functions and sign: The semiotics of architecture", in Broadbent, Bunt and Jencks, pp. 11-69.

Foucault, Michel. 1979. *Discipline and punish — The birth of the prison*. London, Allen Lane.

Gallie, Duncan (ed.). 1988. *Employment in Britain*. Oxford, Blackwell.

Gillespie, Richard. 1991. *Manufacturing knowledge: A history of the Hawthorne experiments*. Cambridge, Cambridge University Press.

Gorz, Andre (ed.). 1976. *The division of labour*. Brighton, Harvester.

Hall, Edward. 1966. *The hidden dimension*. New York, Doubleday & Co.

Halford, Susan; Savage, Mike. 1995. "Restructuring organisations, changing people: Gender and restructuring in banking and local government", in *Work, Employment and Society* (Durham), Vol. 9, No. 1 (Mar.), pp. 97-122.

Hughes, Karen. 1996. "Transformed by technology? The changing nature of women's 'traditional' and 'non-traditional' white collar work", in *Work, Employment and Society* (Durham), Vol. 10, No. 2 (June), pp. 227-250.

Kelly, Michael P. 1980. *White-collar proletariat: The industrial behaviour of British civil servants*. London, Routledge & Kegan Paul.

Kerfoot, Deborah. 1995. "The 'value' of social skills? A case from centralised administration in a UK bank". Paper delivered at the 13th International Labour Process Conference, Blackpool, April.

King, Anthony (ed.). 1980. *Buildings and society: Essays in the social development of the built environment*. London, Routledge.

Klingender, F. D. 1935. *The condition of clerical labour in Britain*. London, Martin Lawrence.

Lane, Christel. 1988. "New technology and clerical work", in Gallie, pp. 67-101.

Langdon, F. J. 1986. *Modern offices: A user survey*. National Building Studies Research Paper No. 41, Ministry of Public Building and Works/Building Research Station. London, HMSO.

Luff, Sonia. 1990. "Clerical workers and information technology: Gender relations and occupational change", in *New Technology, Work and Employment* (Oxford), Vol. 5, No. 1 (Spring), pp. 44-55.

Lockwood, David. 1958. *The blackcoated worker: A study in class consciousness*. London, Allen & Unwin.

Lyon, David. 1994. *The electronic eye: The rise of surveillance society*. Cambridge, Polity Press and Minneapolis, University of Minnesota Press.

McNally, Fiona. 1979. *Women for hire: A study of the female office worker*. London, Macmillan.

Manning, Peter (ed.). 1965. *Office design: A study of environment*. Liverpool, Pilkington Research Unit, Department of Building Science, University of Liverpool.

Marglin, Steven. 1976. "What do bosses do?", in Gorz, pp.13-54.

Markus, Thomas. 1993. *Buildings and power — Freedom and control in the origin of modern building types*. London, Routledge.

Mills, C. Wright. 1956. *White collar: The American middle classes*. New York, Oxford University Press.

Noble, David. 1979. "Social choice in machine design: The case of automatically controlled machine tools", in Zimbalist, pp. 18-50.

Oldham, Greg R.; Brass, Daniel J. 1979. "Employee reactions to an open-plan office: A naturally occurring quasi-experiment", in *Administrative Science Quarterly* (Ithaca, NY), Vol. 24 (June), pp. 267-284.

Pahl, Ray (ed.). 1988. *On work: Historical, comparative and theoretical approaches*. Oxford, Blackwell.

Probert, Belinda; Wilson, Bruce (eds.). 1992. *Pink-collar blues: Work, gender and technology*. Melbourne, Melbourne University Press.

Purcell, Kate; Wood, Stephen; Waton, Alan; Allen, Sheila (eds.). 1986. *The changing experience of employment — Restructuring and recession*. London, Macmillan.

Ramsay, Harvie; Baldry, Christopher; Connolly, Anne; Lockyer, Cliff. 1991. "Municipal microchips: The computerised labour process in the public service sector", in Smith, Knights and Willmott, pp. 34-63.

Rapoport, Amos. 1980. "Vernacular architecture and the cultural determinants of form", in King, pp. 283-305.

Rostron, Jack (ed.). 1997. *Sick building syndrome: Concepts, issues and practice*. London, E. & F. N. Spon.

Smith, Chris; Knights, David; Willmott, Hugh (eds.). 1991. *White-collar work: The non-manual labour process*. London, Macmillan.

Smith, Chris; Willmott, Hugh. 1991. "The new middle class and the labour process", in Smith, Knights and Willmott, pp. 13-34.

Soja, Edward (ed.). 1989. *Postmodern geographies: The reassertion of space in critical social theory*. London, Verso.

Stimson, Gerry. 1986. "Viewpoint: Place and space in sociological fieldwork", in *Sociological Review* (Oxford), Vol. 34, No. 3, pp. 641-656.

Tepperman, Jean. 1976. *Not servants, not machines: Office workers speak out*. Boston, Beacon Press.

Webster, Juliette. 1992. "Women's skills and word processors: Gender issues in the development of the automated office", in Probert and Wilson, pp. 41-59.

—. 1986. "Word processing and the secretarial labour process", in Purcell, Wood, Waton and Allen, pp. 114-131.

Wilson, Sheila; Hedge, Alan. 1987. *The Office Environment Survey: A study of building sickness*. London, Building Use Studies.

Wood, Stephen (ed.). 1989. *The transformation of work? Skill, flexibility and the labour process*. London, Routledge.

— (ed.). 1982. *The degradation of work? — Skill, deskilling and the labour process*. London, Heinemann.

Zimbalist, Andrew (ed.). 1979. *Case studies on the labour process*. New York, Monthly Review Press.

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

Impact on workers of reduced trade barriers: The case of Tunisia and Morocco

Mongi BOUGHZALA *

In 1995 Tunisia and Morocco signed Association Agreements which commit them to integrate into a free trade area (FTA) with the European Union (EU) over a period of 12 years. These agreements fit into the EU's ambitious Euro-Med project which aims to establish free trade with most of the southern and eastern Mediterranean countries — the Euro-Mediterranean Economic Area. Euro-Med was formally launched at a ministerial Conference held in Barcelona in November 1995, when the representatives of the EU and 12 "southern rim" Mediterranean States undertook to negotiate this vast FTA by 2010. The EU-sponsored project is not confined to trade, however. Its economic dimension also includes ways of favouring capital mobility and technological development and of upgrading industry in the countries that sign Association Agreements. Its political dimension stresses stability, peace and security, human rights and democratic values. Overall, it serves as a commitment mechanism, arguably making the liberalization process irreversible.

This article focuses on the economic dimension of the project and, more specifically, on the likely impact of the FTA on the labour markets of Tunisia and Morocco — the first two Arab countries to sign Association Agreements with the EU. Their implementation is scheduled to take place over 12 years, and it is still unclear how effective the FTA will be when that time is up. So far only manufactured goods have been agreed upon. Negotiations on services and agricultural products have been postponed. It is also important to recall that Moroccan and Tunisian manufactured goods have had free access to EU markets since 1976. Thus, so long as agriculture is excluded, the proposed FTA offers the two countries no additional export advantages, while requiring them gradually to remove their own trade barriers against manufactured goods imported from the EU.

Of all the prospective candidates for free trade with the EU — except Israel, which also signed an Association Agreement in 1995 — Tunisia and

* Professor at the Faculty of Economics and Management, University of Tunis III. This study was prepared for the Employment and Labour Market Policies Branch of the ILO.

Morocco are arguably the best prepared for it, both politically and economically. Aside from their historical ties with Europe, they both gained accession to the GATT in the early 1990s and are now members of the World Trade Organization (WTO). Most of their international trade is already conducted with Europe, particularly with France.[1] Besides, under the Association Agreements they have now signed with the EU, protection for the most sensitive goods — locally produced consumer goods — will be removed only starting in 2002, and gradually thereafter.

Nevertheless, some fear that implementing the FTA will prove too costly for the two countries. Indeed, the prospect of open competition is not reassuring for all, and certainly not for all the protected industries operating with government assistance, nor for their employees. It is in fact widely admitted that a large number of these industries will not survive free trade with the EU unless they adjust radically to the new environment. Calculations based on static models seem to confirm that the benefits of the FTA may be slim or even negative, and that unemployment may worsen and exceed the high rates already experienced by both countries.

If the predictions of static models were quite certain to occur, however, neither Morocco nor Tunisia would have accepted to join the FTA. They expect to benefit from the new opportunities generated by the FTA's dynamic effects. Indeed, estimates indicate that further reforms coupled with more domestic and foreign investment could make the benefits of the FTA outweigh its costs and actually increase employment. As will be argued in the following pages, however, more jobs will not always imply higher wages. Whether or not they do will depend mainly on skill levels. Unskilled-labour wages will at best not fall, and wage inequalities are therefore likely to increase.

This article is organized into four sections. The first gives a brief presentation of how the Moroccan and Tunisian economies developed up to the early 1990s, followed by an overview of labour markets and their capacity for adjustment. The second section begins with a reminder of important contributions to the economics of free trade associations and calculations based on static models, followed by a look at Mexico's experience with the North American Free Trade Agreement (NAFTA). This review provides the basis for the analytical framework used in the third section, which proposes a specific model for studying the possible impact of the FTA on employment and wages in Morocco and Tunisia. The last part of the third section looks at the political economy of the proposed FTA. A final section sums up findings and concludes.

[1] Paradoxically, trade between Morocco and Tunisia has been at a very low level, representing hardly 1 per cent of their total exports and imports. This situation has persisted in spite of the many agreements signed by their Governments and the Arab Maghreb Union aimed at achieving full economic integration between Mauritania, Morocco, Algeria, Tunisia and Libya. High transportation costs and similarities between the production structures of Morocco and Tunisia may explain why there is so little trade between them. Will the FTA with the EU change anything? The answer is not obvious, but this question will not be addressed in this paper.

Macroeconomic background and labour markets

Development strategies up to the 1990s

Morocco and Tunisia are both lower middle-income countries and as such, face similar challenges. While there are important differences between them (e.g. Tunisia's population, at around 9 million, is about a third of Morocco's) they also share many common features, including arid and semi-arid climatic and geographic conditions, which make them heavily dependent on rainfall for agriculture and other vital water needs. Economically, they have been through very similar phases since their independence from France in 1956. During the 1960s and 1970s, the two countries broadly followed what was then the mainstream development strategy based on centrally administered programmes and public investment, import substitution with heavily protected (inward-oriented) infant industries, subsidized urban consumption, price controls, emphasis on education and health, and dependence on foreign loans and aid. Overall, this strategy produced positive and lasting effects. In both countries, rates of literacy and school enrolment improved, as did life expectancy, which rose to 68 in Tunisia in 1992 and to 61 in Morocco in 1993, up from 54 and 52 respectively in 1970. Although, the bulk of production remained under heavy government control, with very distorted prices, the two countries also achieved substantial growth, averaging 5 per cent per annum in real terms for two decades.

As from the mid-1970s, however, they began to experience deteriorating macroeconomic imbalances as a result of over-ambitious investment plans, bad crops and droughts, military and other government consumption, and falling export prices. With debt service draining more than 37 per cent of export income by 1982, Morocco's cumulated debt amounted to 130 per cent of GDP in 1984. Tunisia's reached some 70 per cent of GDP in 1986. Both counties' foreign currency reserves were depleted. Investment depended heavily on inflows of foreign capital. Foreign borrowing, the real engine of growth, was used to fill all spending gaps.

In the mid-1980s, the two countries embarked upon stabilization and adjustment programmes. As a result, their budget deficits, current account deficits, foreign indebtedness, debt servicing and inflation are now reasonably under control. Reforms have also dealt with prices, investment, monetary policy, taxation and trade, but results in these and other fields are unequal as between the two countries. Although Morocco's economy is becoming more diversified, it remains heavily dependent on agriculture and thus on rainfall, with two consecutive years of drought entailing negative growth in 1992-93. More investments in physical and human capital are needed to make the country fully competitive and to achieve a higher growth rate. While the Tunisian economy faces similar difficulties, it seems to be more resilient, having maintained an average annual growth rate exceeding 4 per cent over the period 1992-94. Its social indicators are also improving owing to more human capital accumulation and a comprehensive social safety net. However, Tunisia's domestic production remains highly protected, allowing inefficient firms to maintain their activities instead of inciting them to effect the necessary reforms.

The labour market in Morocco and Tunisia

Unemployment poses a major challenge to both countries. Having increased over the past decade, it now stands at above 16 per cent, although some experts argue that it is actually lower than official figures suggest (Rama, 1995). Urban unemployment is still rising and includes a large proportion of young and educated people. The labour force is growing faster than is total population, the growth rate of which is slowing because of diminishing fertility rates.

Labour force skills

Educational achievement and skill levels have vastly improved since the 1970s, but Tunisia and Morocco still do not compare favourably with other middle income countries in this respect. For example, only in 1994 did Tunisia's labour force reach a proportion of 7 per cent possessing higher (post secondary) education — a level reached by Turkey in 1980; in Morocco the corresponding proportion recently attained 3 per cent — reached by Malaysia in 1980. Though Tunisia has done better than Morocco, both countries face a paradoxical situation. On the one hand, they lack skills and need more human capital in order to achieve higher rates of economic growth and, on the other, a substantial part of their educated labour force is unemployed. In Morocco, for example, 27 per cent of the unemployed have post-secondary education. This means that (a) the educational system is not producing skills appropriate to the labour market, and (b) investment in physical capital is insufficient to absorb all the educated. It may also suggest that the labour market works inefficiently.

Labour competitiveness

Wages are around ten times lower in Morocco and Tunisia than they are in EU countries such as France and Germany. For example, average annual labour costs in manufacturing in Tunisia in 1993 were 10.5 per cent of those in France and only 8.6 per cent of those in Germany (World Bank, 1995). Comparatively, however, average gross labour productivity is also very low. If unit labour costs are taken as a measure, labour costs in 1989 were lower in Germany than they were in Tunisia, though higher in France and Italy (see table 1). But even this is not an accurate measure of trade competitiveness because it averages wide variations in capital-labour ratios and conceals good productivity performances in sectors of comparative advantage, such as apparel and footwear (see table 2). Ideally, the comparison should be made between workers having the same training and the same capital endowment, but the required comparative data and field studies are not available. A judgment may be made on the basis of activities relocated out of the EU to Morocco and Tunisia and the pattern of exports. Trade data indicate that labour in both countries is competitive in many sectors when compared to EU labour, but that it faces hard challenges from countries in eastern and central Europe and Asia, where wages are much lower, and the proximity advantage of Morocco and Tunisia to the EU does not always compensate for the difference in competitiveness.

Table 1. Unit labour cost *

	Tunisia	Morocco	Germany	France	Turkey	Italy	Malaysia
1985	53	25	42	66	21	42	30
1989	46	36	41	58	19	64	26
1993	42	37	...	...	...	70	27

* Unit labour cost is defined as the average wage per unit of value added or the wage/productivity ratio.

Source: World Bank, 1995.

Table 2. Average hourly labour costs * in spinning and weaving (in US$)

	Morocco	Tunisia	Italy	France	Germany	Hungary	Turkey	Philippines	Indonesia
1988	1.2	2.6	13.8	11.0	14.7	1.2	1.0	0.6	0.8
1993	1.6	2.9	16.2	15.3	20.6	1.8	4.6	0.7	0.6
Variation (%)	34	10	17	39	40	45	355	22	-27

* Labour costs comprise wages, other costs paid to operators and social costs.

Source: Commission of the European Communities, 1993, Annex 21.

Labour market institutions

Institutionally, the labour markets of Morocco and Tunisia are very similar. They are both organized on the French regulatory model, and they both have a sizeable informal sector which does not comply with labour legislation and is not unionized. At least one-third of employment is estimated to be in the informal sector.

In the formal sector, minimum wages are effective and increasing in real terms. Though they may be rather high compared to productivity in Morocco, they are near equilibrium wages in Tunisia, since they are not higher than the informal-sector wage. The other main features of formal-sector regulation are national and sectoral wage bargaining for skilled workers and civil servants, compulsory social security coverage (which adds about 20-35 per cent to labour costs), and restrictive hiring and firing rules.

It is widely argued that such rigid rules are detrimental for employment and that the labour market should be made more flexible. High lay-off costs hinder labour mobility, increase the cost of employment and thus exacerbate unemployment. Reforms are being considered in both countries, and some amendments to make existing legislation more flexible have already been approved (e.g. on limited-time contracts, private employment agencies and simplified lay-off procedures). The system is arguably still complicated and unduly restrictive. But empirical estimations of the regulation effects, while confirming that rigidities might contribute to unemployment, suggest that the effect is small and only partly attributable to mobility costs (see Tabib, 1991; Ben Ayed Mouelhi, 1996; Dachraoui, 1995).

Trade agreements and the labour market

Most recent studies of the impact of trade agreements on the labour market have been prompted by concerns over job losses and real-wage declines in industrialized countries. The underlying fear is that growing imports from some developing and newly industrialized countries may be a primary cause of the high unemployment levels experienced in major industrialized countries in recent years. Among policy-makers in particular, this concern and the surrounding controversy are compounded by the negotiation and adoption of trade agreements and FTAs between advanced and developing countries and by the high rates of foreign direct investments (FDI) out of certain advanced countries.

Analysis of the effects of FTAs on the labour markets of the OECD's trading partners is partly a derivative of studies on the OECD countries (Baldwin, 1995). Though particular attention has been paid to the Mexican experience, few studies have focused directly on non-OECD countries (Feenstra and Hanson, 1995b). Those which have done so have mostly applied either partial equilibrium or computable general equilibrium (CGE) models. While trade theory also provides important insights, the overall picture given by the existing literature on the effect of preferential trade agreements on the labour market thus remains rather uncertain.

Impact of an FTA: Static models for Morocco and Tunisia

Typically, stylized analyses based on static models assume that tariff and non-tariff trade barriers are completely dismantled and that all the effects of liberalization materialize. They also assume that all other basic parameters — import and export elasticities, technology, structure of preferences — remain fixed. In short, demand and supply functions are altered only by the modified tariff structure. Under these assumptions, all comparative static calculations show that the net effects of an FTA on welfare and employment in Morocco and Tunisia would be either very small or negative.

When partial equilibrium techniques are used, existing studies follow the Viner (1950) tradition and estimate the trade creation and diversion effects of a customs union, decomposed as between their effects on consumers, producers and government. Generally speaking, an FTA or customs union has effects on both the export and the import sides. New export opportunities to partner countries yield net trade-creation effects and are beneficial; but the net import effect may be ambiguous, and depends both on the size of the countries and on pre-existing trade flows.

Since manufactured exports from Morocco and Tunisia have enjoyed free entry to the EU since the 1970s, the export effect does not apply in their case. Boudhiaf (1997) calculated the import effects for all the significant branches of production in Tunisia. He predicts that losses in profits and in government income will be higher than welfare gains to consumers from lower import prices. Obviously, the static, short-term effect on employment would be highly negative. Other such studies arrive at similar results (see, for example, Minis-

tère de l'Économie Nationale, 1995). But when general equilibrium models are used the projected outcome becomes less negative, depending on the specific assumptions made.

Analysing the Tunisian case, the Tunisian Ministry of the Economy (Ministère de l'Économie Nationale, 1995) and Kress (1995) obtained similar results when constant returns to scale and perfect competition were assumed. But Kress rightly goes on to argue that many industries are characterized by increasing returns and monopolistic competition, and that free trade (regionally or worldwide) would therefore shift resources to the increasing-return industries and generate more benefits, leading to net welfare gains. He shows that for some industries, returns to scale are increasing significantly. But the transition to higher-scale industries goes beyond the static-model framework since it presupposes technological progress and other dynamic transformations.

The World Bank has conducted many studies and calculations with a variety of CGE models, including a study on the Moroccan case (Rutherford, Rutstrom and Tarr, 1993). This considers various scenarios, including some in which agricultural products from Morocco enter EU markets more freely. Loss in government income due to reduced or eliminated tariffs is assumed to be offset by increased VAT revenues. With various assumptions regarding elasticities, the authors of the study show that the total effect on welfare may be positive, though not very high. However, this welfare gain will not be uniformly distributed because many productive activities — industrial, more than agricultural — would still be hurt, and jobs would be lost.

A number of World Bank studies also cover Morocco and Tunisia together with other North African and Middle Eastern countries, elaborating on various scenarios for regional integration (Diwan, Chang Po and Wang, 1995; Hoekman, 1995). These studies converge on the conclusion that all the countries of the region face hard challenges, and that they may incur losses from competition with the EU or the rest of the world — unless they undertake the overdue reforms needed to favour efficient (and higher) investments. Again, reforms require that the static framework be abandoned for a more dynamic one.

Trade theory and regional arrangements

The pessimistic or mitigated results reported above basically represent mainstream theoretical research on the subject. For example, Baldwin (1995), Schiff (1996), Winters (1996) and others all stress the uncertainty of gains from FTAs and trade agreements in general. Gains depend on the size of the member countries, on the volume of their pre-FTA trade and on their tariff structures.

Conventional trade theory (following Viner) predicts that a small country integrating with a region constituted of its major trade partners is more likely to gain on balance. Morocco and Tunisia are small compared to the EU with which they conduct more than 70 per cent of their trade in goods and services; on this argument, they are therefore likely to gain. Indeed, the traditional wisdom — that an FTA will benefit natural trading partners that already conduct a large share of their trade between themselves, with a small country likely to benefit

more than a large country — is robust and based on two main arguments. First, the development of pre-FTA trade means that diversion effects will be limited. And second, the terms-of-trade argument in favour of protection does not apply to a small country (a price taker), which suffers a net loss from protection and would consequently reap a net gain from reducing protection.

Morocco and Tunisia are small countries, compared both to the rest of the world and to the EU.[2] Hence, they generally lose out when they impose trade barriers (allowing only the infant industry argument). For them, the prices prevailing in the EU and in the rest of the world are given. Thus, following the creation of the FTA, both countries would lose if EU prices were higher than world prices and tariffs applied to the rest of the world diverted trade towards the EU; but they would both gain if EU prices were lower. If EU firms were not often competitive, pre-FTA trade would not have developed as much as it has, though proximity must also have helped. This means that diversion effects will not predominate and that gains will be higher than losses. There will be more cases of trade creation than there will be of trade diversion.

Clearly, the benefit of an FTA would be relatively small if the pre-existing tariff level were low and trade with the partner already substantial, i.e. if the pre-FTA situation is close to that which would be created by the FTA. Also, the lower the tariff imposed on the rest of the world, the higher the benefit of the FTA, owing to the smaller diversion effect.

While the tariffs applied by Tunisia and Morocco are not exceptionally high, both countries imposed quantitative restrictions which are removed under the Association Agreements. Theory thus predicts that Morocco and Tunisia would reap net benefits from an FTA with the EU, since they are small countries and their partner — being their natural trading partner — is large and relatively efficient. Yet the negative results obtained by the studies cited earlier are not as paradoxical as they may seem. Their calculations emphasize the loss in employment and productive activities due to lower tariffs and the lower prices of imports from the trading partner. In addition, they sometimes assume, more or less explicitly, that resources are not shifted to more productive activities or may remain unemployed because of various constraints and rigidities. Yet, here again, not only do the Association Agreements provide for financial assistance from the EU to offset the loss of trade-related revenues (Alonso-Gamo, Fedelino and Horvitz, 1997), but empirical evidence seems to contradict theory on the effect of rigidities.

Capital market rigidities

Edwards and Edwards (1996) clearly envisage such rigidities and draw pessimistic conclusions as to the effect of liberalized trade on employment in developing countries. Taking account of the distortions and rigidities that characterize those countries' capital markets in particular, they explain why unemployment increases in the short run, thus causing resistance to major tariff

[2] In 1995, for example, the GDPs of Tunisia, Morocco and Belgium were US$18 billion, 32 billion and 269 billion, respectively (World Bank, 1997, p. 236, table 12).

reforms. The authors stress that much capital is not adaptable and not mobile enough to be reallocated (at a reasonable cost) to the most efficient uses. Physical capital and human capital are often sector specific and would lose value if transferred to other sectors. This assumption applies more to developing countries — like Morocco and Tunisia — where flexible productive systems are not developed. In the long run, of course, capital is mobile (disembodied), and in the case of Morocco and Tunisia the tariff reform required by the FTA Association Agreements is to be spread over a 12-year period. Industries will have a long time to adjust, unlike Mexican industries within NAFTA.

However, even in the case of NAFTA, the outcome predicted by Edwards and Edwards did not materialize since employment in Mexico's manufacturing sector actually increased following NAFTA.

Trade and technological shifts

The richer OECD countries seem to be more concerned about the impact of trade liberalization on employment, that is about jobs moving to low-wage countries and about the increasing wage inequality between skilled and unskilled workers. In the OECD countries, the rate of unemployment averaged about 8 per cent between 1982 and 1993, as against only 4.8 per cent in the 1970s (Baldwin, 1995). This increase was widely attributed to the new pattern of trade and to the accelerating outflow of investment. Admittedly, the 1980s saw an increase in the developing countries' share of labour-intensive manufactured exports — up from 13.1 per cent in 1985 to 15.8 per cent in 1990 — coupled with a 0.5 percent annual decline in such exports from OECD countries. The latter's trade surplus with the developing countries was halved between 1980 and 1990 (Baldwin, 1995). Indeed, nobody seems to deny the significance of the trade factor: the disagreement concerns the relative weights of this and other factors like technological progress, which accounts for a large part of the observed changes in employment and relative wages. The same goes for changes in international capital flows.

Some economists argue that the changes in labour markets come mainly from unskilled-labour-saving technological progress (computers, information, flexible production systems) which reduces the number of unskilled jobs and increases the number of jobs requiring higher skills (see, for example, Berman, Bound and Griliches, 1994; Lawrence, 1994). To show that technology has had the predominant effect, they analyse price and wage structures in the United States, other OECD countries and newly industrialized countries to find out the extent to which prices evolve according to changes in the trade pattern. If the latter is determinant — implying that technological change is not — standard trade theory (viz. the Stolper-Samuelson theorem) predicts that the wages of unskilled labour would decrease in the United States and increase in, say, Mexico. The opposite would happen to the wages of skilled labour. Simultaneously, the relative price of United States imports, being intensive in low-skilled labour, would decrease in the United States. On the production side, jobs lost in the United States would translate into job creation in countries exporting to the United States.

According to Berman, Bound and Griliches (1994) and Lawrence (1994), however, prices evolved differently and only a small fraction of the jobs lost in the United States was relocated to other countries. Hence their claim that trade is not to blame for unemployment in the United States. But this is not sufficient proof for Feenstra and Hanson (1995a), who point out that the level of skill in developing countries differs from the level of skill in industrialized countries, and that there are variations in the degree of skill intensity between goods: skill-intensive goods in one country may not be so according to another country's skill scale. Feenstra and Hanson assume that there is a continuum of intermediate goods which differ in their skilled labour requirements, with developing countries specializing in goods which are less intensive in skilled labour. On this basis, they conclude that rising imports accounted for 15-33 per cent of the increase in the relative wage of skilled workers in the United States during the 1980s. They also examine capital flows to developing countries (and out of OECD countries) and their effects on employment, which are the opposite of those of trade.

Lessons from Mexico's accession to the NAFTA

Feenstra and Hanson (1995b) applied their analysis to Mexico, which is particularly relevant from the perspective of the present article. In the 1980s Mexico went through a very acute debt crisis, caused by macroeconomic imbalances, inefficient policies and highly protected import-substituting industries. Like Morocco, Mexico started stabilization and structural adjustment in 1983. But it proceeded much more rapidly. It liberalized trade by lowering its protection rate to a maximum of 20 per cent, and it completely freed 75 per cent of its production. It also opened up its capital market. As a result, by 1994 it was a member of the GATT, the OECD and NAFTA, attracting massive amounts of foreign investment (approximately US$15 billion a year, one-third of it in FDI).

Mexico's industrial production grew rapidly with widening diversity. Employment in its manufacturing sector increased, and its industrial sector was restructured, not destroyed. In other words, unemployment did not increase because of the FTA (see, for example, Tornell and Esquivel, 1995). But Mexico is not yet on a clearly sustainable growth path. Financial volatility and the concentration of investments near the United States border *(maquiladoras)* may be signs of non-sustainability. In any case, higher investment and employment did not always induce higher wages; wages followed the same pattern as in the United States, with higher wages for skilled workers and stagnating or decreasing wages for unskilled workers. This contradicts conventional neoclassical trade theory (comparative statics) and lends support to more dynamic explanations.

To some economists, it suggests that the wage structure is determined mainly by the technological transition factor. Baldwin (1995), for example, surveys recent work dealing with changes in trade, employment and wages. He confirms that all three factors — trade, technology and foreign investment — are significant, but concludes that more work is needed to determine the relative weight of each factor. Baldwin's tentative conclusion is very important since it means that more

jobs are being created in Mexico as a result of its accession to the NAFTA with the United States and Canada. This lends support to the argument that employment in Morocco and Tunisia will increase as a result of the FTA with the EU.

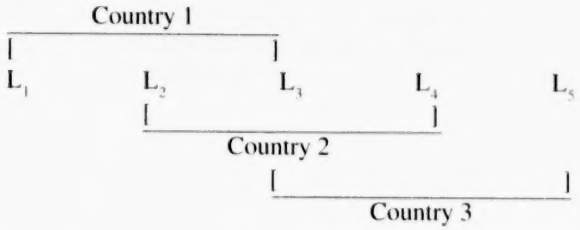
Exploring the impact of the FTA on employment and wages in Morocco and Tunisia

On the basis of the preceding discussion, a different model is proposed here. It is designed to fit more accurately — and yet simply enough — the basic features of the FTA between the EU and Morocco and Tunisia within the broader context of international trade. Various scenarios can then be constructed regarding the FTA's impact on employment and wages.

The model

For the purposes of the stylized model, trade is assumed to involve three countries and three goods produced with physical capital and five types of labour, i.e. five levels of human capital incorporated in the labour force. The number of countries, goods and factors has been determined so as to keep the model tractable and yet wide enough to fit the basic differences that exist between countries. The three "countries" refer to the EU (country 1), the southern Mediterranean members of the FTA, i.e. Morocco and Tunisia (country 2), and the rest of the world (country 3), consisting mainly of low-cost countries specializing in low-skill goods. It is important to include country 3 in the model if low-skill employment and wage determination is to be correctly understood.

Since the level of skill is relative, and skill level is a very complex variable, a clearer picture can be obtained by considering five skill levels classified from the most qualified to the least qualified: L_1, L_2, L_3, L_4, L_5 indicate the amount of labour of type i (i = 1, ...5). L_1 corresponds to the most highly skilled labour, and L_5 to the least skilled labour. With these five skill levels, countries are also classified according to their skill endowment. In country 1, the most advanced and industrialized, only L_1, L_2 and L_3 are available, i.e. skilled labour is relatively abundant and even the least qualified attended secondary school. In country 2, the middle-income country, only L_2, L_3 and L_4 are available, and medium-skilled labour is relatively abundant. Morocco and Tunisia are both lower middle-income countries, and it is assumed that they are moving up to the grade of a medium-skill country. The issue of their ability to do so, however, is left aside for the moment. In country 3, only L_3, L_4 and L_5 are available, and L_4 and L_5 are relatively the most abundant. Of course, this is not intended to mean that the rest of the world is backward compared to Europe, Morocco and Tunisia, but simply to emphasize the relevant link between country 2 and those other countries whose comparative advantage is in low-skill-intensive goods. The following figure shows how countries 1-3 differ as to their unskilled and skilled labour endowments.



Goods are also classified by skill level. They may be intermediate, capital or consumer goods. Their production requires different combinations of labour and capital: *aij* is the amount of labour of type *i* necessary to produce one unit of good *j* (*i* = 1, ..., 5 and *j* = 1, 2, 3), and *bj* the amount of capital necessary to produce one unit of good *j*. These coefficients may vary between countries and as a function of prices and output, technologies not being identical in all countries. Lastly, w_i indicates the wage rate for labour of type *i* and may differ between countries; and *r* represents physical capital rental.

Good 1 is the most skill intensive (intensive in L_1 and L_2) and is produced exclusively in country 1. The product market is oligopolistic, and production is characterized by increasing returns and rapid technical progress. High quality and capacity to adapt to market needs are more important than factor substitution and price competition.

Good 2 is intensive in medium skill labour (L_3). This category really includes a variety of differentiated and substitutable goods. Increasing returns exist but are less determinant than are flexibility and access to information. The market for these goods is characterized by monopolistic competition. Each firm has to design a strategy positioning itself in the kind of good it can produce most competitively. Fundamentally, it is admitted that for some varieties of good 2, production in country 2 is profitable. Such a strong assumption implies that Morocco and Tunisia have the capacity to develop and export more advanced products. Each country specializes in some varieties, so imports of good 2 from country 1 do not always directly compete with goods produced in country 2, and vice-versa. Within the limits of monopolistic competition, this specialization is mutually beneficial for all countries and all types of labour as long as each firm and country has a technological edge for its products, with increasing returns providing a margin for price competition (without wage reduction). Therefore, w_2 and w_3 may increase in all countries when trade develops.

Good 3 is intensive in low-skilled labour and uses simple and widely available technologies. Country 2 competes with country 3 in producing good 3. In country 1, more advanced techniques for producing similar goods

are available, using less unskilled labour. All countries operate in a perfectly competitive market for good 3; this market is dominated by country 3, which is the largest. Countries 1 and 2 are price takers in this market.

For the sake of simplicity, it can be assumed that in countries 2 and 3 production of good 3 takes place with fixed coefficients and that there are constant returns to scale. Given that country 3 is the most important producer of good 3, the constant-returns assumption implies that p_3^w, the world price for good 3, is determined primarily by its cost of production in country 3 plus its marketing (transaction) cost. More specifically, the world price of good 3 is assumed to be the price at which country 3 (mainly Asian countries) can market it in country 1 (the EU). Hence, p_3^w includes transportation costs and the tariff levied by country 1. It follows that:

$$p_3^w = w_4^3 a_{43}^3 + rb_3 + d_3$$

w_4^3 = wage rates in country 3 for unskilled labour

a_{43}^3 = amount of labour (L_4) needed to produce good 3 in country 3

rb_3 = cost of capital

d_3 = marketing cost for country 3, including transportation and the tariff levied by country 1.

L_4 and L_5 are perfect substitutes, hence a_{43}^3 includes the use of both types of unskilled labour in country 3. Formally, though type 5 labour is not necessary in the model, it is maintained in order to fit the international data showing that wages and skills are lower in some parts of the world than they are in Morocco and Tunisia. The main idea, however, is that country 2 cannot export good 3 to country 1 at a price higher than the world price.

This last proposition requires some further comments. Low-income countries have free access to the EU markets for few products and have to submit to various quantitative restrictions; in particular they are restricted by the Multi-Fiber Agreements (MFA) in the textile and clothing sectors. In effect, this means that additional protection against competition from low-income countries is given to countries like Morocco and Tunisia. Indeed, country 2 does benefit from the trade restrictions applied to country 3 by country 1 and, in a sense, may enjoy more than the world price. However, given the GATT rules and the agreement to dismantle the MFA, this benefit will be vanishing.

Nevertheless, it is assumed that d_2 (the marketing cost from country 2) is — and will remain — smaller than d_3. International statistics show that country 2 pays higher wages than country 3 despite the highly competitive nature of the market for good 3, and this differential may be wider than the difference in productivity and tariffs can account for. In other words, it is assumed that even when the MFA and other exceptions to the GATT rules are completely abandoned, country 2 will still have easier access to the market for good 3 in country 1 since it will not pay the tariff and has a proximity advantage over country 3. Morocco and Tunisia will therefore continue to pay wages

higher than those of the low-wage countries, although the latter will determine overall wage levels for unskilled labour.[3]

In country 1, by contrast, where all wages are higher, including for unskilled labour (L_3), firms are led to economize on the use of unskilled labour and to apply medium- and high-skill-intensive techniques for producing goods similar to good 3. Trade liberalization will therefore inevitably have at least some negative effect on employment and wages in the production of good 3 in the EU (and other similar OECD countries).

For Morocco and Tunisia (country 2), alternative scenarios may be envisaged. Pre-FTA domestic prices for good 3 in country 2 differ from world prices because the domestic market is very protected. Thus:

$$p_3^2 = p_3^w (1 + t_3^2)$$

ti^k = tariff on good i imported in country k.

Protection against imports from country 1 will be abolished by the FTA and, as will be shown below, the effect on employment in country 2 may be beneficial.

FTA and unskilled labour

Prior to the FTA, although the domestic price for good 3 in country 2 (Morocco and Tunisia) is higher than the world price, some firms still chose to specialize in exporting good 3 at the lower price, not because they are irrational but because they have specific fiscal incentives and because they have learnt to compete on the world market. In particular, they are more efficient than firms producing for the domestic market, which have lower and decreasing productivity in this stylized model. Protection makes the latter inefficient and yields idle capacity. In other words, they have decreasing returns. Then, the supply of good 3 for the domestic market is stimulated by its artificially high price in country 2.

It is reasonable to assume that world demand is horizontal (flat) from the point of view of country 2 — a relatively small country that has to take the world market as given. On the supply side, given the assumption of constant returns to scale, firms in country 2 can in the long run supply and export any volume of good 3 at the world price (p_3^w). In other words, production (and therefore employment) is indeterminate. In a way, supply and demand curves

---

[3] $$p_3^w = w_4^3 a_{43}^3 + rb_3 + d_3 = w_4^2 a_{43}^2 + rb_3 + d_2$$

hence

$$w_4^2 = w_4^3 + \frac{d_3 - d_2}{a_{43}^3} = w^*$$

when

$$a_{43}^3 = a_{43}^2.$$

And when a_{43}^3 is larger than a_{43}^2, then w_4^2 will be higher than w^*.

would seem to coincide. To be realistic, however, production capacity is never unlimited; even in the long run, there is a limit to capacity depending on how much resources are allocated to this sector. Thus, production of good 3 and employment of unskilled labour in country 2 will depend mainly on the level of investment in this sector. As to the wage for unskilled labour in country 2, it varies only with p_3^w, which is exogenous, not with employment or investment. In particular, it will not be influenced by the creation of the FTA. The world price depends mainly on the wage paid to unskilled workers in country 3.

Morocco and Tunisia will continue to export good 3 (e.g. textiles, clothing, footwear) at the world price when tariffs are dismantled. They have no alternative but to accept that price. Their export capacity will remain small compared to that of the EU and of low-income Asian countries (e.g. China, India, Indonesia), and they should be able to sell any quantity — primarily in the EU market — with no significant impact on the world market. And because it is unlikely that world prices will increase in the near future (they may even decrease), the wage of unskilled labour is not likely to increase either, unless they achieve substantial technological progress leading to higher labour productivity. Thus the FTA itself will give neither wage advantage nor wage disadvantage for unskilled labour, but it may affect its employment opportunities.

Good 3 comprises a full range of manufactured goods, including textiles and clothing that Morocco and Tunisia already export to the EU. Once the FTA is in place, these goods will enter freely into Morocco and Tunisia. Both countries will also have to permit their export-oriented firms to market their production locally. Competition from these firms will add to the main source of competition imposed by the rest of the world in the domestic market for good 3, as described above. Therefore, the domestic price of good 3 (p_3^2) in Morocco and Tunisia will decline to the world price (p_3^w). This is beneficial for domestic consumers, but not for the owners of inward-oriented firms, nor for their low-wage workers.

On the employment side, the outcome of the FTA is less foreseeable than it is with wages. New opportunities may be afforded to country 2, but the outcome is uncertain. On the one hand, employment will be reduced because the inward-oriented firms are inefficient and cannot compete worldwide; they will therefore reduce their activities when domestic prices drop. On the other hand, employment will increase if investment and exports increase. There will be both job losses and job creation.

Job losses

At world prices, the inefficiency of the inward-oriented firms will be exposed, and resources will have to be reallocated. Consumption will increase, production will decline, and less may be available for export. But it should be recalled that the whole liberalization process is designed to transform the structure of consumption, investment and production. It is also scheduled very gradually, and there will be time to transfer resources to the most efficient firms (or to upgrade the inefficient ones) and to increase capacity. Inward-oriented firms will be forced to integrate the world market, and the separation between export firms and inward-oriented firms will disappear. Thus, exports

will not necessarily decrease, depending mainly on investments. Like in Mexico, industries producing good 3 will probably be profoundly transformed and massive investments will take place, in which case exports will then increase. Otherwise, exports and employment will fall. The end result will depend on the net outcome of destruction and creation effects.

All industries that are still sheltered and overly protected will, unless they are transformed, leave the market at world price (p_3^w). In Morocco and Tunisia such industries account for a large share of manufacturing employment and correspond to those inward-oriented industries enjoying rates of effective protection above 80 per cent. In Tunisia alone, inward-oriented firms could lose 220,000 unskilled jobs in food processing, mechanical and electrical industries, chemical products, textiles and apparel. Since at least as many unskilled workers are currently unemployed, approximately 440,000 jobs are needed for unskilled labour in Tunisia alone. In Morocco there will be similar effects and still greater needs.

Job creation

The FTA will not automatically induce job creation. It will simply open opportunities and, above all, change the incentive structure within the countries. Lifting protection is expected to make firms behave more efficiently and adapt to international requirements. The Association Agreements with the EU are also expected to stimulate foreign direct investment (FDI). Investment is crucial, while international demand is not a real constraint at the world price for good 3. However, the investment needed to achieve full employment of unskilled labour, or at least to compensate for job losses, is very high. In the least capital-intensive activities, it takes investment of at least US$10,000 (including public infrastructure) to create a new job. For half-a-million jobs to be created in Tunisia, US$5 billion — or 1 billion a year over 5 years — need to be invested. This is more than total projected investment for all manufacturing in Tunisia. And the share of FDI in manufacturing is low, even more so in Tunisia than in Morocco. In 1994, FDI inflows into the two countries amounted to US$0.5 and 0.8 billion, respectively, as against US$4.5 billion each for Malaysia and Mexico (estimates for Mexico go up to US$8 billion, but with sharp fluctuations).

Although full employment of low-skilled labour in Tunisia would require much more investment than is envisaged by the National Plan, investment could be more substantial if FDI comes in at a much higher rate than at present. If the levels reached in Mexico and many other emerging countries are matched, even full employment would be conceivable. Annual flows of FDI of US$1 billion in Tunisia and US$2-3 billion in Morocco into low-skill manufacturing are not impossible. Of course, the two countries would have to fulfil many prerequisites for this to happen, but the Association Agreements and the whole Euro-Med vision would be largely devoid of substance if capital flows did not follow, especially since Morocco and Tunisia are among the first on a long list of candidates for entry into the FTA. The EU is indeed expected to show that it cares for their success.

The sort of mechanism that will trigger such capital inflows is even more crucial for employment in the sector producing medium-skill goods (good 2), i.e. for the employment of medium-skilled labour (L_2).

FTA and skilled labour

Only medium-skilled labour (L_2) will be considered here because in Morocco and Tunisia, like almost everywhere, highly-skilled labour does not raise serious employment problems. And while wages in this category may vary, they have been on an upward trend internationally.

The real challenge is the employment of medium-skilled labour. As indicated earlier, Morocco and Tunisia face rising unemployment among the young educated and, at the same time, a shortage of skills. Clearly, education and training are not adequate, but this is not the most important factor behind unemployment of the educated. The problem lies more with labour demand. Existing firms tend to apply simple technologies requiring few skills; hence demand for medium-skilled labour turns out to be low regardless of its training within this skill range. The existing stock of idle human capital is employable with some extra training, provided that the two countries move up the skill ladder to catch up with the newly industrialized countries by developing sectors which are intensive in medium-skilled labour (good 2). Of course, this would require substantial investment, but not just investment. The question, therefore, is: can the FTA accelerate the required dynamic process?

In practice, good 2 corresponds to a wide variety of products in monopolistically competitive markets. The development of these products depends on innovative and flexible behaviour, on the capacity to adapt to specific segments of given markets and on operating on a sufficient scale, eventually in connection with other international firms (e.g. by subcontracting and outsourcing). For example, this could apply to the production of specific parts and tools for well-identified customers or multinationals, or special clothing designed for specified consumers.

It is quite safe to say that the EU market potentially offers ample demand opportunities for exports. Given the wage structure and the new pattern of industrial specialization, it would be efficient for various international firms to relocate some of their activities or to outsource some of their inputs in Morocco or Tunisia. European needs are indeed very large compared to the potential of Morocco and Tunisia — though of course not as much so when compared to that of the entire Mediterranean region. The question then is: what can be done actually to benefit from the opportunities afforded?

It has been argued that neither country needed the FTA to develop medium-skill goods and export them to the EU, since their manufactured goods have had duty-free access to the European market for more than two decades. Nevertheless, accession to the FTA is a real opportunity for them because the removal of protection is a pre-condition for climbing the skill ladder. The rent seeking opportunities and the high returns and security offered by the sheltered sectors would otherwise keep physical and human resources from moving into the more advanced activities. Given a choice, investors are deterred from such

activities because they imply more effort, more risk taking and costly transformations. Trade liberalization, regionally or worldwide, changes the incentive structure and leads investors to look outwards. If the process is really set in motion, there are potentially enough opportunities to develop new competitive activities and to employ all the existing skill.

Again, investment is a necessary condition. Indeed, Rodrik (1995) shows that liberalization, although also necessary, is not a sufficient condition and that massive investment is more determinant. Sound macroeconomic policies, adequate infrastructure, efficient services, well-trained workers and, above all, sound and credible institutions and governance are other necessary conditions for competitiveness. Foreign investment also depends on these conditions being fulfilled. But if Morocco and/or Tunisia do not succeed in developing their medium-skill industries, unemployment of skilled labour will persist or even worsen. Many programmes are under way or being designed to create an environment conducive to success in this area. Both countries have introduced a whole set of reforms and programmes to develop human capital and vocational training, improve infrastructure, encourage research and development, and build and modernize institutions.

The political economy of the FTA

The above national programmes, however, are not yet clearly integrated into a comprehensive strategy and might be ineffective if the required change in the incentive structure is not carried out. Not all the necessary conditions are being met according to a logical sequence. So far, protected industries remain more attractive to investors who seem to feel they have enough time before having to switch to the more advanced — and more demanding — fields. More strategic actions are needed for a more coherent overall vision. But this is more a political economy issue.

Although it is reasonable to take time for adjustment and to proceed gradually, tariff reduction can be too slow: 12 years give opponents of the FTA much time and, in particular, enough time for new investments in protected and inefficient activities, instead of directing resources to new, competitive activities. An accelerated adjustment process would enhance credibility and favour efficient investments.

- Efficient and massive investment projects will not materialize without a change in the incentive structure. The problem is that it is not up to the market to produce this structural change; it is the role of the State. The pace of trade liberalization is also determined by social and political forces, and not by market mechanisms alone.
- The information system needs to be transformed in order to introduce more transparency. This is a pre-condition for redistributing roles between the State and the market and between political institutions. Government guidance is fundamental for making strategic industrial choices, yet there is also a great need to decentralize decision-making so that government interventions create synergy and do not inhibit initiative.

- Above all, the various social actors need to find ways of acting with clearer purpose, with more harmony and less hesitation. Otherwise, some reforms could be pursued at cross purposes, leading to incoherent situations and thereby delaying urgent decisions and investments. In some cases, for example, tariffs have been reduced with the reduction then compensated by other forms of protection to delay effective liberalization.

This raises the issue of credibility: will the Association Agreements with the EU serve as commitment mechanisms? In other words, are the Agreements themselves accepted as a final strategic choice by all the relevant partners — the business community, workers, trade unions, political institutions and other vested interests? It is not easy to analyse the situation in terms of coalitions blocking or supporting the Agreements, which have been accepted implicitly. However, real preferences can also be revealed by actual behaviour. There is not yet any strong group of outward-oriented businesses defending the Agreements. Firms producing mainly for the domestic market are more active, both individually and through their representatives, lobbying to protect their vested interests, and they sometimes manage to buy time. Trade unions have not acted against the Agreements, and international institutions (the World Bank and the IMF) favour them.

Overall, there has not been any attempt to reject the Agreements, and most actors seem to be preparing to adjust accordingly. However, there is no movement in favour of accelerating the process either, and any such initiative seems unlikely, despite repeated recommendations expressed by World Bank and IMF experts who persistently advocate that trade liberalization generates the necessary forces to reallocate resources out of the inefficient sectors.

Concluding remarks

The Agreements are accepted *de facto* by most actors. The 12-year option of slow and gradual implementation probably reflects the dominant attitude. Therefore effective protection of the economy will not decrease during the initial phase and the decisive effects of the FTA will not start materializing for another four or five years. Whether positive or negative effects on employment dominate will depend mainly on:

- The flow and quality of domestic and foreign investments;
- The capacity and efficacy of vocational training, which has the task of adapting general skills to the specific practical needs of employers;
- The ability to reconcile (decentralized) market forces with strategic government guidance;
- The ability to reconcile macroeconomic stability constraints with social needs (the need for more government expenditures);
- And the ability to guarantee good infrastructure and efficient institutions and services.

However, even with massive investment and adequate job creation in Morocco and Tunisia, the real wages of unskilled labour are not expected to increase soon — as long as the supply of low-wage labour remains high in the global market and such a large section of the labour force of both countries remains unskilled. Since wages for skilled workers are expected to increase, wage inequality will also continue to increase. Therefore, international labour migration to high-wage countries and various forms of social discontent can be anticipated.

Yet without the FTA or an alternative form of genuine trade liberalization, unemployment would be higher and prospects for wage improvements for all categories of labour would be worse.

References

Alonso-Gamo, Patricia; Fedelino, Annalisa; Horvitz, Sebastian Paris. 1997. *Globalization and growth prospects in Arab countries*. IMF (Middle Eastern Department) Working Paper, WP/97/125. Washington, DC, IMF.

Baldwin, Robert E. 1995. *The effects of trade and foreign direct investment on employment and relative wages*. NBER Working Paper No. 5037. Cambridge, MA, National Bureau of Economic Research.

Ben Ayed Mouelhi, Rim. 1996. "La demande de travail par qualification: estimation sur un panel d'entreprises tunisiennes", in *Annales d'économie et de gestion FSEGT* (Tunis), Vol. 4, No. 7 (Oct.), pp. 61-82.

Berman, Eli; Bound, John; Griliches, Zvi. 1994. "Changes in the demand for skilled labor within US manufacturing: Evidence from annual survey of manufacturers", in *Quarterly Journal of Economics* (Cambridge, MA), Vol. 59, No. 2, pp. 367-397.

Boudhiaf, Messaoud (ed.). 1997. *Integration économique internationale*. Tunis, Faculté des Sciences économiques et de Gestion, Université de Tunis.

Commission of the European Communities. 1993. *Report on the competitiveness of the European textile and clothing industry*. Communication from the Commission to the Council and the European Parliament, COM(93)525. Luxembourg, Office for Official Publications of the European Communities.

Dachraoui, Nabil. 1995. *Réglementation de la protection de l'emploi et le fonctionnement du marché du travail*. Mémoire de DEA (unpublished dissertation). Tunis, Faculté des Sciences économiques et de Gestion, Université de Tunis.

Diwan, Ishac; Chang Po, Yang; Wang, Z. 1995. *The Arab economy, The Uruguay Round (UR) predicament and the European Union (EU) wild card*. Paper presented to the ERF/World Bank Workshop on Strategic Visions for the Middle East and North Africa, held in Tunis, June.

Edwards, Alejandra; Edwards, Sebastian. 1996. "Labor market distortion and structural adjustment in developing countries", in Susan Horton, Ravi Kanbur and Dipak Mazumdar (eds.): *Labor markets in an era of adjustment*. EDI Development Studies, Vol. 1. Washington, DC, World Bank.

Feenstra, M. Robert; Hanson, Gordon H. 1995a. *Foreign investment, outsourcing and relative wages*. NBER Working Paper No. 5121. Washington, DC, National Bureau of Economic Research.

—; —. 1995b. *Foreign direct investment and relative wages: Evidence from Mexico's maquiladoras*. NBER Working Paper No. 5122. Washington, DC, National Bureau of Economic Research.

Hoekman, Bernard. 1995. *The WTO, the EU and the Arab World: Trade policy priorities and pitfalls*. Paper presented to the ERF/World Bank Workshop on Strategic Visions for the Middle East and North Africa, held in Tunis, June.

Kress, David. 1995. *Trade liberalization and employment in Tunisia: A general equilibrium analysis*. APH dissertation. University of North Carolina, Chapel Hill.

Lawrence, Robert Z. 1994. *Trade, multinationals and labor*. NBER Working Paper No. 4836. Cambridge, MA, National Bureau of Economic Research.

Ministère de l'Économie Nationale. 1995. *Étude prospective de l'impact sur l'économie tunisienne de la mise en place d'une zone de libre échange entre la Tunisie et l'Union Européenne*. Study commissioned from Comète Engineering. Tunis.

Rama, Martin. 1995. *Note on the Tunisian labour market*. World Bank Policy Research Department, Poverty and Human Research Division. Washington, DC, World Bank.

Rodrik, Dani. 1995. "Getting intervention right: How South Korea and Taiwan grew rich", in *Economic Policy* (Oxford), Vol. 20, April, pp. 55-107.

Rutherford, T. F.; Rutstrom, E. E.; Tarr, D. 1993. *Morocco's free trade agreement with the European Community: A quantitative assessment*. Policy Research Working Paper No. 11730. Washington, DC, World Bank, Sep.

Schiff, Maurice. 1996. *Preferential trade agreements and the impact of country size, market share, efficiency and trade policy*. Policy Research Working Paper No. 1668. Washington, DC, World Bank.

Tabib, Sadoc. 1991. *La demande de travail en Tunisie: estimation économique*. Mémoire de DEA (unpublished dissertation). Tunis, Faculté des Sciences économiques et de Gestion, Université de Tunis.

Tornell, Aaron; Esquivel, Gerardo. 1995. *The political economy of Mexico's entry to NAFTA*. NBER Working Paper No. 5322. Cambridge, MA, National Bureau of Economic Research.

Viner, Jacob. 1950. *The customs union issue*. New York, Carnegie Endowment for International Peace.

Winters, L. Alan. 1996. *Regionalism vs. multilateralism*. Policy Research Working Paper No. 1687. Washington, DC, World Bank.

World Bank. 1997. *World Development Report 1997: The State in a changing world*. Oxford, Oxford University Press.

—. 1995. *World tables 1995*. Baltimore, MD, Johns Hopkins University Press.

JOURNAL OF RURAL COOPERATION

Vol. 25 No. 1 1997

1. ARTICLES

Craig, S. and Sumberg, J.	Machinery Rings in UK Agriculture: An Example of Opportunistic Cooperation
Kroll, Y. and Polovin, A.	Productivity and Consumption in the Kibbutz System at a Time of Crisis: Measurement and Comparison to National Statistics
Oustapassidis, K. and Notta, O.	Profitability of Cooperatives and Investor-Owned Firms in the Greek Dairy Industry

2. BOOK REVIEWS

Bager, T.	Organizations in Sectors *M. Hopp*
Cernea, M.M.	Sociology, Anthropology and Development: An Annotated Bibliography of World Bank Publications 1975-1993 *Y. Levi*
————	Social Organization and Development Anthropology The 1995 Malinovski Award Lecture *Y. Levi*
Harriss-White, B.	The Political Economy of Disability and Development, with Special Reference to India *S. Maron*
Piers, B. and Jeanrenaud, S.	Biodiversity and Human Welfare *S. Maron*
Zoomers, A. (ed.)	Supporting Small-Scale Enterprise: Case Studies in SME Interventions *P. Motzafi-Haller*

3. CURRENT INFORMATION

Dissertation Abstracts

Call for Papers

CIRIEC 50th Anniversary

Editor: Dr. Yair Levi

Editorial Assistant: Daphna Bar-Nes

Information for Subscribers: The *Journal of Rural Cooperation* is a semi-annual periodical, aimed at the pursuit of research in the field of rural cooperation. Editorial enquiries and other correspondence should be addressed to: CIRCOM, Yad Tabenkin, Ramat Efal 52960, Israel (Fax: +972-3-5346376). Subscription rate: $25 per annum + $2.00 sea mail; $6.00 airmail

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

PERSPECTIVES

Devaluation of the CFA franc four years on: Economic integration and employment on the agenda*

Sharp changes in the international value of a currency usually have a major impact on incomes and employment. And the internal effects of a substantial devaluation or revaluation — within individual countries and within a monetary union comprising several countries — are not uniform; dramatic shifts in income distribution and in the pattern of employment can result as well. The devaluation of the CFA franc occurred on 12 January 1994, and nearly four years later an assessment can now be made of its impact. At the time, many sharply positive and negative outcomes were predicted (see *International Labour Review*, 1994). Did the anticipated positive results come about? Did the fears expressed at the time prove justified? What are the tasks ahead for the countries of the CFA franc zone?

Examining the impact of devaluation on employment, incomes and equity is not at all an academic exercise. Lessons learned are likely to be highly relevant, not only to the countries concerned but also to others contemplating devaluation or revaluation of their currency, whether by decision or attrition. It is always difficult to achieve the maximum benefit from a devaluation while containing the economic, social and political costs, whatever the level of development of the country concerned. The impact of a devaluation depends importantly on changes in relative prices, on containing the inherent upward pressure on the overall price level, and on the dynamic effects, especially in terms of productive investment.

The case of the 1994 devaluation of the CFA franc is particularly interesting for several reasons. It is a pretty robust monetary union, even though membership has changed a bit over the years.[1] It groups a number of middle- and low-income countries, and is thus a kind of test case for monetary union between developing countries. And, of special importance at present, an economic and monetary union between some west African States was agreed at the same time.

---

* This *perspective* was prepared by Patrick Bollé, French language editor, *International Labour Review*.

[1] The latest country to become a member being Guinea-Bissau, in January 1997.

with the signature of a treaty forming the West African Economic and Monetary Union (WAEMU). Thus an assessment of the devaluation also provides an opportunity to examine its impact on participants in the closer union relative to other members of the CFA franc zone. And it is timely in relation to the imminent creation of monetary and economic union between the primary European trading partners of the CFA franc zone countries.

One aspect of the devaluation of the CFA franc distinguished it in particular from the classic forms of devaluation seeking to re-establish the balance of trade. In 1993, Cameroon, Congo, Côte d'Ivoire, Equatorial Guinea, and Gabon each had a positive balance of payments. Most of the other countries exhibited structural deficits in their balance of payments. Such differences in starting conditions cannot have failed to influence outcomes and partly explain the different performances. This devaluation also sought to reduce external public debt, replacing it with private investment flows. Thus, one expected outcome was reduced contributions from France, which had covered current account deficits (by meeting the civil service wages bill, for example).

Since the devaluation occurred, numerous studies assessing its economic and social impact have been published, most recently those prepared for the tripartite meeting to assess the consequences of the devaluation of the CFA franc on the African countries of that monetary union, organized in Yaoundé (Cameroon) by the ILO, 23-25 April, 1997 (ILO, 1997a and 1997b). This "perspective" presents the results of these economic and social studies, together with others carried out by Louis Goreux for the World Bank (Goreux, 1997 and 1995), and by the Centre d'économie du développement of Montesquieu University, in Bordeaux (France) (Conte, 1995 and forthcoming). It concludes with comments on the outlook for regional integration.

The 1994 devaluation: An inevitable measure

The African countries making up the CFA franc zone are Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo and, since 1997, Guinea-Bissau, which belong to the West African Economic and Monetary Union (WAEMU); Cameroon, the Central African Republic, Chad, Congo, Equatorial Guinea and Gabon, which form the Central African Economic and Monetary Community (CAEMC); and, finally, the Comoros. The CFA franc is the currency of both groupings, and it is issued by the Central Bank of West African States and by the Bank of Central African States, respectively. The CFA franc was devalued by 50 per cent in relation to the French franc on 12 January 1994, and the Comoros franc was devalued by 33 per cent. Parities have not changed since.

In 1994, most of these countries were hit by the combined impact of two forces which exacerbated structural imbalances in their economies. On the one hand, a drop in the world prices of their principal export products and, on the other, the strong franc policy pursued in Paris which automatically caused the CFA franc to become overvalued. The terms of trade deteriorated, which in

turn undermined the competitiveness of activities in the CFA franc zone, within which prices were between 40 and 60 per cent higher than those of its African trading partners outside the zone. In fact, the latter had complete freedom to devalue, or allow to depreciate, their own currencies thereby increasing their competitiveness through a fall in relative prices. This possibility did not exist for countries in the CFA franc zone because their currencies were (and are) tied to the French franc. Tax revenues were dwindling, with serious repercussions for education, health and infrastructures; investors turned their attention elsewhere and unemployment rose; economic growth was weak, non-existent or even negative, and certainly lower than population growth. In such conditions, domestic adjustment measures proved ineffectual, or even deflationary.

In that context, devaluation was expected to boost economic growth, reduce imports (which would be substituted by local products), increase exports, and restore the competitiveness of local companies (thanks to falling costs of domestic factors of production relative to imports). It was also expected to ensure that producers in the poorest, rural regions would regain markets for their products, particularly foodstuffs, as imports would become more expensive. But the measure also gave some cause for concern as it might trigger inflation, increase production costs for firms depending on imported intermediate goods and raise fuel prices, with a knock-on effect on transport and energy costs, risking a reduced standard of living for workers and a consequent spread of serious social unrest.

Overall a positive macroeconomic performance

Prices

It was expected that the devaluation would automatically cause a rise in domestic prices, and the main concern was that galloping inflation might override the expected benefits of the devaluation. Inflationary pressure did indeed occur, although it proved to be of limited intensity and duration (see tables 1 and 2). Overall, the rate of inflation dropped rapidly from 1995 onwards, with the average rate for the CFA franc zone being 27 per cent in 1994, 15 per cent in 1995 and under 6 per cent (estimated) for 1996 (Goreux, 1997).

Balance of trade

Logically, a devaluation should lead to an increase in the volume of exports, which become cheaper in foreign currency terms, and reduce imports which become more expensive in local currency. In fact, the value of exports in US dollars increased by 23 per cent in 1995 and by 8 per cent in 1996, rising from 25 to 32 per cent of GDP (see table 2). The phenomenon occurred as a result of an increase both in volume and in price: in volume because of their lower cost in foreign currency terms; in price because the years following the devaluation saw a substantial rise in world prices of the commodities they exported. The average value in US dollars of exports of unprocessed and processed agricultural products increased by 28 per cent between 1991-93 and 1994-95, while that of

Table 1. Consumer prices in Africa, 1993-96 (annual percentage change)

Country	1993	1994	1995	1996
Africa	29.5	38.6	32.1	24.8
Sub-Saharan Africa	37.6	46.4	39.6	31.5
WAEMU				
Benin	0.5	38.6	15.1	4.7
Burkina Faso	1.0	24.7	7.8	6.0
Côte d'Ivoire	2.1	25.8	14.3	6.6
Mali	-0.6	24.8	12.4	7.0
Niger	-0.4	35.6	10.9	4.7
Senegal	-0.7	32.1	8.1	3.0
Togo	-0.1	35.3	15.7	5.0
CAEMC				
Cameroon	-3.7	12.7	26.9	6.4
Central African Republic	-2.9	24.5	19.2	3.5
Chad	-7.0	41.3	9.5	10.0
Congo	4.9	42.9	8.6	10.6
Equatorial Guinea	0.3	38.9	11.4	6.0
Gabon	0.6	36.1	10.0	5.1
Comoros	2.0	21.7	7.1	5.0

Source: IMF, 1997, pp. 145-146.

exports of mining products, including oil, dropped by 13 per cent during the same period. (The respective shares of exports of these products adjusted accordingly.) As anticipated, imports dropped in 1994 (-12.3 per cent in dollar values), but rose in 1995 (+21.1 per cent) and 1996 (+15.6 per cent estimated) in response to the recovery of the economy (see table 2). At first, as imports (mostly of consumer goods) were more expensive in local currency terms,

Table 2. CFA zone: Macroeconomic indicators, 1990-96 [1]

Indicators	1990-1993	1994	1995	1996 [2]
Real effective exchange rate (Index 1990-1993=100) [3]	100	63	71	72
Inflation (CPI) [4]	0.2	27.0	15.1	5.7
Real GDP growth [5]	-0.3	1.7	4.8	5.1
Exports of goods and services (valued in US$) [5]	-3.8	-3.3	23.0	8.3
Imports of goods and services (valued in US$) [5]	-2.4	-12.3	21.1	15.6
External current account before official transfers [6]	-6.0	-5.2	-5.4	-7.5
Exports of goods and services [6]25	32	32	32	
Gross fixed capital formation [6]	14.2	15.7	16.8	20.1
Primary government balance [6]	-4.5	-4.5	-0.9	0.2

[1] Data relating to Cameroon generally relate to fiscal years with 1993/94 shown as 1994. [2] Provisional estimate. [3] If 1993 was used as basis 100 instead of the 1990-93 average, the rate of depreciation would be slightly lower. The index for 1996 would be equal to 74.2 instead of 71.7. [4] Changes in per cent per year, based on yearly averages. [5] Changes in per cent per year. [6] In per cent of GDP.

Source: Goreux, 1997, p. 2.

there was a fall in demand (and therefore also a reduced volume of imports). But with the growing impact of the economic upturn, the need to import capital goods began to be felt; they are in a sense "good" imports (as opposed to imported consumer goods) in that they contribute to growth and sustainable improvement. There are signs, however, that imports of consumer goods are again rising in Senegal and Côte d'Ivoire, for instance (Conte, forthcoming). The trade surplus for the CFA franc zone rose in 1994, and subsequently stabilized under the combined effect of increased exports and imports. The direction of the flow of trade also changed, with a marked expansion of intra-zone trade.

For the CFA franc zone as a whole, costs *expressed in French francs* dropped by 40 per cent for labour and electricity, 35 per cent for fuel oil and rail transport and 25 per cent for road transport.

Recovery and economic growth

In 1993, economic growth rates for practically all the countries in the CFA franc zone were low, or even negative, and certainly lower than the rate of growth of the population which was approximately 3 per cent. The situation improved markedly from 1994 onwards and by 1996, the rising GDP was everywhere outpacing population growth, with the exception of the Central African Republic on account of the unrest in that country. The spectacular rate achieved in Equatorial Guinea may be attributed to the considerable increase in oil revenues. It should be noted that this positive trend was not confined to the countries of the CFA franc zone and that, throughout sub-Saharan Africa, GDP increased on average from 1.7 per cent in 1993 to 2.6 per cent in 1994, 4 per cent in 1995, reaching 4.4 per cent in 1996. The IMF estimates that rates will be 4.4 per cent and 5 per cent in 1997 and 1998, respectively (IMF, 1997, p. 137). As shown in table 3, it may be concluded that the effects of devaluation permitted the countries of the CFA franc zone to close the gap separating them from most of their neighbours.

Obviously, the various sectors of activity benefited to differing degrees from the devaluation, which in turn affected the extent of their contribution to economic recovery. As might be expected, the export sectors experienced an increase in demand for their products, such as fish in Senegal, lumber in Côte d'Ivoire, Cameroon, Central African Republic and Gabon. Cocoa and coffee crop yields reached record levels in Cameroon and Côte d'Ivoire, as did cotton in Burkina Faso, while in Benin production rose to double its 1990-93 level, and Mali became the continent's second cotton producer after Egypt following a 75 per cent increase in its harvest. However, these results were due less to devaluation than to the simultaneous occurrence of especially favourable climatic conditions and a general rise in world commodity prices. As regards cotton, the producers' increased incomes resulting from the devaluation acted as an incentive to increase crops.

Some local products won back markets from imports originating outside the CFA franc zone, such as livestock from Mali, Burkina Faso, Chad and the

Table 3. Real GDP in Africa, 1993-96 (annual percentage change)

Country	1993	1994	1995	1996
Africa	0.9	2.9	2.9	5.0
Sub-Saharan Africa	1.7	2.6	4.0	4.4
WAEMU				
Benin	3.2	4.3	4.8	5.5
Burkina Faso	–0.8	1.2	3.9	5.5
Côte d'Ivoire	–0.2	1.8	7.0	6.5
Mali	–2.4	2.3	6.4	4.0
Niger	1.4	4.0	3.0	3.6
Senegal	–2.1	2.0	4.8	5.2
Togo	–18.5	15.2	8.1	5.9
CAEMC				
Cameroon	–3.2	–2.5	3.3	5.0
Central African Republic	–2.3	7.7	2.4	–0.9
Chad	–15.7	10.2	2.8	6.0
Congo	–1.0	–5.5	2.2	4.8
Equatorial Guinea	7.1	6.8	14.9	37.3
Gabon	2.3	3.6	3.7	3.2
Comoros	3.8	–2.3	–2.3	1.9

Source: IMF, 1997, pp. 137-138.

Central African Republic, which gained in the markets of Senegal, Ghana, Côte d'Ivoire and Gabon.[2] Similarly, rice production in Mali increased by 20 per cent, providing for modest exports to Mauritania. Such a substitution effect was also apparent in a number of industries, including textiles and cement. Another anticipated substitution effect, which was expected to improve the situation of the poorest, rural populations, centred on crops to replace imported foodstuffs, as exemplified by local cultivation of manioc replacing rice from Asia. While some changes in eating habits have been observed, there are insufficient data to ascertain their extent or permanence.

Public finances

Improvement was also apparent as regards the chronic budget deficits to which most of the economies of the countries in the CFA franc zone had long been subject. Revenues increased and public spending stabilized as a result of restructuring duties and taxes, improved administration of tax collection and customs services, increased imports and economic recovery, together with a reduced share of civil service salaries in public expenditures. Only a few countries are in arrears in wage payments (Central African Republic, Chad, Congo and Niger). In addition, investment and social spending are increasing, with a concomitant decline in operational spending. Some examples from the 1996 (completed) and 1997 (budget) financial years (Pelletier, 1997, p. 1844): in

[2] This livestock formerly had to compete with lower-priced surplus frozen carcasses from the European Community.

Burkina Faso, revenues rose by 19 per cent between 1995 and 1996 and current spending in the 1997 budget is covered by the State's equity, producing a surplus to be allocated to debt repayment; in Côte d'Ivoire, the 1997 operating budget has shrunk by 2.8 per cent, while investment has risen by 20.7 per cent and the social development programme expanded by 18 per cent (although, in September 1997, an austerity measure was adopted to counteract overspending); in Togo, the 1997 budget increased spending by 1.7 per cent and revenues by 19.6 per cent.

It should not, however, be forgotten that the debt burden, particularly foreign debt, represents a considerable drain on public finances in the countries of the CFA franc zone, all of whose debt service payments (which were doubled in CFA franc terms by the devaluation) are in arrears.

The social situation — a continuing concern

Other improvements expected to ensue from economic recovery, notably in employment, poverty alleviation, education and health, apparently remain elusive.

Employment

The economic recovery did indeed generate new jobs. However, the number of new jobs falls well short of those lost through restructuring of private, public or parastatal companies, and through staff cutbacks in the civil service, which began prior to the devaluation and continue today. In some countries, it is possible to make a comparison between the numbers of new jobs and of jobs lost in the modern sector (ILO, 1997a, p. 12). In Gabon, 11,520 new jobs were recorded while 45,593 jobs were lost between 1985 and 1992, a proportion of 25.3 per cent. In Côte d'Ivoire, only 10 per cent of the 60,000 jobs lost between 1980 and 1992 were compensated by the 6,000 jobs created after 1993. In Cameroon, the national social security fund reports that the total number of jobs has not returned to the pre-crisis level. Niger is an exception in this regard, with the number of its civil servants rising from 27,000 to 40,447 between 1981 and 1995, an increase of 50 per cent, with a concomitant decline of 33.6 per cent in jobs in the private modern sector. Elsewhere, civil service jobs remain static or are shrinking at an average rate of some 10 per cent. This trend may be expected to continue, since agreements between these countries and the IMF specify that the civil service payroll must be reduced and state enterprises privatized, which often involve restructuring with loss of jobs, at least in the short term. "In the medium term, the capacity to create new jobs is largely dependent upon the progress of reforms of the administrative and regulatory framework, and on the implementation of an energetic investment policy" (ILO, 1997a, p. 13).

However, these considerations are confined to the modern sector, whereas: "All the countries covered by this study are essentially agricultural although the sphere of the informal urban sector is expanding. These two components of the

economies under consideration together employ the vast majority of the working population (over 90 per cent). The modern private and public sectors employ only between 3 and 10 per cent of the working population in these countries, that is between 2 and 6 per cent of the population" (ILO, 1997a, p. 13).

Employment policies

The summary of national studies produced by the ILO's Regional Office for Africa in preparation for the meeting to evaluate the consequences of the devaluation of the CFA franc (Yaoundé, April 1997) appraises job creation policies and strategies (ILO, 1997a, pp. 15-25). The measures taken, frequently with ILO backing, may be broken down as follows:

- in the large enterprises of the private and semi-state modern sector, training programmes are under way, with a view to retaining or retraining the employees whose jobs are threatened by restructuring, privatization or technological advance;
- for the purpose of promoting small and medium enterprises, activities concentrate on institutions (single-window arrangements, promotion of SMEs, training centres, etc.); financing (specialist funding in the context of SME financing and of the informal sector, such as savings and credit mutual benefit societies); and regulations (reform of investment, tax and customs codes);
- the devaluation has rekindled interest in labour- and local materials-intensive investments, particularly on account of the lower cost of such labour and materials by comparison with imported industrial goods;
- activities for vulnerable target groups focus on specific spheres such as the informal sector, SMEs, micro-credits, infrastructure or social protection and involve groups, such as the qualified unemployed, individuals (particularly women) who have no skills or little or no schooling, street children, etc.

However, the report states that such programmes "in all the countries involved, are typically of a limited, stand-alone nature. They take the form of activities to promote self-employment through the development of microenterprises and SMEs, and measures to encourage particularly vulnerable target groups to become integrated into the informal sector. It is apparent that these programmes to combat unemployment, under-employment and poverty with a view to promoting sustainable jobs are not, for the most part, integrated in general investment policy" (ILO, 1997a, p. 15).

Poverty and incomes

The report further states: "Moreover, all studies carried out with the backing of the World Bank on poverty in these countries conclude that the situation is deteriorating" (ILO, 1997a, p. 15). Louis Goreux, however, is less categorical (Goreux, 1997, p. 4). He notes that the devaluation had very obvious effects on

income distribution. Civil servants were the first to suffer. Their average cost, for the CFA franc zone as a whole, dropped from 11 times GDP per capita in 1993 — a proportion considered excessive when compared to international standards — to 8.5 times in 1994, and declined further during subsequent years. This phenomenon was particularly marked in Cameroon where nominal salaries for civil servants had already been cut in 1993. In the course of a single year, their real earnings were slashed by two-thirds. Goreux adds: "Not surprisingly a number of civil servants appear to have attempted to maintain their living standards by collecting bribes. Corruption, notably in the judicial system, was already widespread in the zone; it became worse after the devaluation. This was unfortunately the price to pay for devaluation" (Goreux, 1997, p. 4). While employees and urban dwellers were hardest hit, those who benefited from the devaluation were farmers who were able to export their products or oust imports that had become too costly. "The devaluation had the effect of reducing the large existing income disparities between the urban and the rural populations. It contributed to improving real incomes in rural areas, where 80 per cent of the poor lived in 1993" (Goreux, 1997, p. 4). However, as already explained, it appears that no figures are available to bear this out.

Prospects

It would appear that the 1994 devaluation may be deemed an economic success, though its social benefits have not yet materialized. Several questions arise regarding the future: how sustainable is the economic upturn? What policies are now recommended by those who proposed the devaluation? What form will the regional integration accompanying economic liberalization take, beyond its monetary dimension? Without pretending to provide answers, an attempt can be made to expand on these questions.

Economic disparities

On balance, for the CFA franc zone as a whole, the devaluation may be considered a success, firstly because inflation did not wipe out the benefits of increased competitiveness from lower prices (valued in foreign currency) for exports. Had it proved a failure in that regard, a further devaluation would have had to be considered, as had indeed been predicted by a number of observers in 1994. (Of course, the countries were lucky in that world prices of some exported commodities rose after the devaluation.)

None the less, results differ when individual country situations are considered. The work of Bernard Conte facilitates such a comparison (Conte, 1995 and forthcoming). He used an effectiveness index of devaluation (EID), derived from Edwards (1989), which:

> reflects the relationship between variations in the real rate of exchange and variations in the nominal rate of exchange . . . The value of the index on the day of the devaluation is 100. Its subsequent downward movement shows to

Table 4. Effectiveness index of devaluation (EID) by monetary union sub-zone (base 100 = pre-devaluation) [1]

Country	1994	1995	1996 estimates
WAEMU	54.0	43.6	38.1
Benin	47.6	31.3	11.9
Burkina Faso	64.0	55.8	53.2
Côte d'Ivoire	54.7	47.1	41.7
Mali	63.9	49.3	42.7
Niger	50.8	39.8	37.5
Senegal	52.9	40.0	38.5
Togo	32.1	27.1	22.7
CAEMC	51.6	37.1	34.1
Cameroon	52.6	37.2	35.0
Central African Republic	61.0	35.9	34.5
Chad	44.7	35.3	32.5
Congo	43.1	34.9	30.6
Equatorial Guinea	46.4	35.2	28.2
Gabon	53.4	39.0	34.9
Comoros	25.7	20.3	12.5

[1] The lower the index the more inflation has counteracted the effects of devaluation.

Source: Conte, forthcoming.

> what extent the mechanical benefit in terms of price-competitiveness abroad is counteracted by domestic inflation. If the EID reaches 0, it means that the price effect of the devaluation has been completely cancelled out. A negative value indicates that competitiveness has fallen below its pre-devaluation level. Edwards is of the view that, three years on, the devaluation may be considered to have been a success if the EID remains above 30. However, should the indicator fall below zero, the devaluation was a failure. If the value of the EID falls between these two figures, no definitive conclusion may be drawn, in which case other criteria should be considered (Conte, 1995, p.7).

Table 4 shows the results obtained (Conte, forthcoming). A degree of disparity is apparent, with Benin, Togo, Equatorial Guinea and the Comoros displaying indicators under 30, which is the success benchmark, while Congo lies slightly above. Those countries with the greatest economic weight display favourable indices. The results are more positive for the WAEMU than for the CAEMC, which suggests there may well be a divergence between the two sub-zones. Overall, to date, the devaluation was clearly *effective*. However, in assessing its long-term *efficacy* due account should be taken of the favourable circumstances prevailing at the time of devaluation (rise in world commodity prices, heavy rainfall and high crop yields, continent-wide revival of growth), and a number of indicators, such as balance of payments or replacement of public investment by private investment, should be considered. The latter point is crucial and underpins many of the recommendations put forward by international organizations.

Suggestions of experts and the social partners

Several sets of recommendations were drawn up with a view to ensuring that the economic success of devaluation was reflected in terms of jobs and poverty alleviation. Notable are those of Louis Goreux in his work for the World Bank (1995 and 1997), and of participants in the tripartite meeting organized in Yaoundé by the ILO's Regional Office for Africa (ILO, 1997b).

Goreux stresses that the impetus given to growth should be maintained or even accelerated. "Preserving the competitive position of the zone requires productivity improvements which, in turn, require more productive investments and a faster path of structural reforms, in the context of stronger economic and monetary unions" (Goreux, 1995, p. 5). To this end, after acknowledging the IMF's macroeconomic analyses, he advocates the following measures (Goreux, 1995, pp. xiv-xix):

- continue to stabilize public finances, particularly in the CAEMC, where substantial domestic arrears persist, by increasing import revenues (removal of exemptions and reduction of fraud); by controlling spending, and the wage bill in particular, through staff cut-backs; and by improving the general management of finances;
- improve the reliability and reduce the cost of utilities (water, electricity, telecommunications and railways) by liberalizing markets, in order to ensure that companies can rely on these services;
- further promote and extend greater labour flexibility, as has occurred in several countries in connection with redundancy procedures and fixed-term contracts;
- remove any state involvement in production by privatizing public enterprises;
- restructure the banking sector, particularly in the CAEMC, in order to adapt it to financing long-term investments, and promote systems run by voluntary organizations, mutual benefit societies and cooperatives which can extend credit to small-scale farmers and firms or producers in the informal sector;
- provide private companies with adequate legal and judicial protection by reforming business law and combating corrupt practices;
- ensure that basic health and education are not sacrificed to the achievement of macroeconomic equilibrium, by introducing various measures, such as partial coverage of costs, reform of teacher training, and broader use of generic drugs (the devaluation has had the effect of boosting the use of such drugs, which are either produced locally or imported, but even then at a far lower cost than brand-name products);
- continue the move towards regional economic integration and harmonization of legal and regulatory provisions in order to "offer investors legal and judicial security, . . . to take advantage of complementarities between neighbouring countries and landlocked countries, to achieve

Recommendations regarding the promotion of employment, enterprises and social dialogue

Drawn up at the tripartite meeting organized by the ILO at Yaoundé, April 1997

Macroeconomic measures

- Macroeconomic policies to be designed with productive employment as a priority objective
- Banking reforms to be completed and guarantee and financing mechanisms diversified, particularly savings and loan institutions
- Tripartite reflection to be undertaken on the future of the CFA franc relative to the introduction of the Euro
- The social partners to be involved more fully in the privatization process
- Job-creating technologies and investment to be promoted
- Bodies responsible for forging links between investment and employment policies to be created
- The reform of cooperative policies and legislation to be initiated or continued following a concerted, participative multisectoral approach
- The informal sector to be encouraged to organize along economic and occupational lines so as to achieve economies of scale and ensure its empowerment.

Job creation strategies

These should be based on:

- a freely agreed national employment policy, involving the social partners and other representatives of civil society
- economic growth which incorporates job creation concerns
- the most labour- and local resource-intensive technological options
- investment programmes which incorporate the employment dimension
- education and vocational training matched to jobs in terms of the real needs of the labour market, with vocational training policies aligned on the needs of the economy and involving close consultation with the social partners
- a legislative and regulatory framework with incentives for small businesses, thus enabling the gradual integration of the informal sector into the formal sector
- participative local community development.

Regional cooperation

- employment observatories to be created or strengthened, and incorporated into networks with, preferably, support from the ILO
- information and awareness-raising campaigns on subregional and regional integration to be designed and implemented, targeting the social partners and other groups
- the rescheduling or cancellation of African countries' foreign debt to be negotiated as a block
- the WAEMU to share with the CAEMC its experience of the regulation of mutual benefit or cooperative savings and credit institutions, the free movement of the CFA franc between the two zones to be ensured, and business law to be harmonized at regional level.

International cooperation

- international labour standards to be ratified and rigorously applied, in particular ILO Conventions No. 122 and No. 169 regarding employment policy
- further reflection on a social clause in international trade agreements
- the rescheduling or cancellation of the foreign debt to be negotiated collectively, and an appeal relaunched for international support similar to that provided by the Marshall Plan.

Social dialogue

- the social partners' negotiating skills to be improved through training and information.

Conclusion

- CFA franc zone countries to create the structures and mechanisms required to follow up on these recommendations.

substantial economies of scale and to set up an economic system that is better equipped to deal with international competition" (p. xviii). The author specifies that the new institutions should remain lean to ensure that they are not a further drain on public finances, but they should also have decision-making and enforcement powers.

Several of these recommendations correspond to those made in this *Review* by Paul Collier (1995), in relation to Africa in general.

In addition, representatives of governments, employers and workers from the countries in the CFA franc zone met in Yaoundé in April 1997, at the aforementioned meeting organized by the ILO's Regional Office for Africa. They adopted two sets of recommendations, the first on social protection, and the second on the promotion of jobs, enterprises and social dialogue (ILO, 1997b, pp. 20-24). The substance of the second set of recommendations appears in the box. The first set reflects an important regionwide shift of perspective on social protection questions. Henceforth the focus is on extending social security coverage to the most disadvantaged sectors of the population; until now these had been excluded from established social protection systems which covered only the 5-10 per cent of wage-earners working in the public or private modern sector. Efforts will now be made to establish coverage based on provisions already successfully tried out by occupational schemes, cooperatives and community organizations. There will also be efforts to promote a range of schemes designed to meet the needs and resources of various population groups. A common regulatory framework will ensure a minimum level of coordination between the schemes concerned as well as with the existing scheme, which is itself in need of reform.

The spirit underpinning these recommendations — the product of discussions between employers, workers and governments — is that economic reforms, however pressing, will be successful only if accompanying measures attenuate their social cost and if they are clearly of benefit to the population as a whole; hence the emphasis on social dialogue. In connection with this last point, ILO technical assistance programmes are being prepared to reinforce social partners' negotiating skills on questions of economic and social policy.

Regional integration

If the positive, short-term effects of the devaluation are to be translated into sustainable economic improvement, most argue that regional integration must be strengthened. Here again, the two economic zones differ somewhat as to progress achieved in this respect. The founding treaty for the WAEMU was signed on 10 January 1994, just before devaluation occurred, and that for the CAEMC in March of the same year. The institutions of the CAEMC are still under construction. Meanwhile, tax and customs reforms are under way. In April 1995, an 18 per cent VAT (exports were exempted) replaced the complex, staggered scale of taxes on turnover. In addition, a common external tariff and a general preferential tariff applicable to products that are manufactured and marketed in the CAEMC will be introduced by stages (Pelletier, 1997, p. 1845).

The WAEMU programme was agreed during a summit of heads of state in May 1996, and a first assessment was made by Moussa Touré, Chairman of the WAEMU Commission, in February 1997 (Paré, 1997, p. 719). It was decided that macroeconomic policies would be monitored multilaterally, with application from 1997 of ceilings for domestic and foreign debt, budget deficits and inflation (5 per cent for the last). The customs union, which is to come into force on 1 January 1998, will include the establishment of a common exterior tariff and the dismantling of all internal tariff barriers within the WAEMU; a total exemption for local agricultural, livestock and crafts products is already in place, while industrial products are eligible for a 30 per cent reduction in customs duties. Compensation for this reduction, together with the operational expenditure of the Union, will be financed by a community solidarity levy equivalent to 0.5 per cent of the value of products imported from outside the zone. The West African accounting system (Syscoa) will also come into force on 1 January 1998. This provision falls under the harmonization of economic and monetary legislation which is also on the WAEMU programme.

Harmonization of legislation

Article 60 of the WAEMU treaty states that:

> In the context of the guidelines contained in Article 8, the Conference of Heads of State and of Government lays down the guidelines for harmonizing the legislations of member States. It identifies the priority areas in which, under the provisions of the present treaty, legislations of member States must be brought into line, with a view to achieving the objectives of the Union. It also establishes the goals to be achieved in these areas and the general principles to be observed.

The scope of this article is not limited to any given area of legislation, although other articles specify that harmonization is required in taxation (art. 4), budgetary legislation procedures, general and national accounting standards (art. 67 and 69), rules of competition and public subsidies to companies (art. 76), technical standards (art. 76 and 79), and regulation of specific economic activities (art. 95) (Issa-Sayegh, 1997, p. 29).

The Treaty on the Harmonization of Business Law in Africa, signed in Port Louis in 1993, dealt with harmonization of legislation and gave rise to the organization of the same name (*Organisation pour l'harmonisation en Afrique du droit des affaires* — OHADA), signed by the 14 African countries belonging to the CFA franc zone (WAEMU, CAEMC and Comoros). The treaty provides for a procedure and institutions, including a Court of Arbitration located in Abidjan. Several texts have already been harmonized, dealing with trade law, economic interest groups and procedures relating to collection, confiscation and liquidation (*Marchés tropicaux et Méditerranéens*, 1996, p. 1655).

The procedural differences between the two instruments will not be analysed here.[3] Suffice it to say that two, or even three if CAEMC is included, institu-

[3] On this question, see Issa-Sayegh (1995).

tions have competence to harmonize legislation. The West African accounting system exemplifies one possible approach: Syscoa was adopted in the context of the WAEMU, on the basis of a plan drawn up in the context of the OHADA.

As regards labour law, there is a risk that these two institutions may bypass national parliaments (Issa-Sayegh, 1995) and, by extension, the social dialogue process which occurs at national level only. However, it should also be noted that the thrust of national reforms of labour legislation is clearly towards harmonization.

This convergence of reforms is clearly apparent in the ILO studies (1995 and 1997c),[4] which emphasized the following:

— freedom of association, notably recognition of trade union pluralism, the appointment of trade union representatives, a framework regulating their representativeness, and measures promoting collective bargaining, especially at enterprise level;

— freedom to hire, i.e. an end to the public service monopoly in job placement, the right to recruit directly and recognition for private employment agencies;

— more flexible regulations governing fixed-term contracts;

— simplification of redundancy procedures, with an end to the requirement of prior administrative clearance, the establishment of clear regulations on collective dismissals, and a ceiling on compensation for damages.

Though these reforms were often carried out under the dual influence of the democratization process and of agreements passed with the Bretton Woods institutions, they were all debated and decided upon within a national framework. Thus, their convergence and harmonization in labour law are interesting for a particular reason which is identified by Professor Issa-Sayegh: "Labour law is the only area in which harmonization has occurred in an uncoordinated manner, that is, without the involvement of any international organization." However, the author specifies: "the fact that the countries of the franc zone had previously ratified numerous ILO Conventions which set minimum standards was a contributing factor to the relative overall homogeneity of legislations" (Issa-Sayegh, 1997, p. 15).

Conclusion

The situation today is far from fulfilling the predictions of gloom and doom voiced immediately after devaluation. Economic growth is occurring, although at rates lower than those needed for a real recovery, particularly in employment. It appears that virtually the whole continent is experiencing this upturn. In the CFA franc zone, a distinction should be drawn between the effects of the devaluation, structural reforms and circumstantial phenomena.

[4] See also *International Labour Review*, 1995.

such as the economic climate, exceptional harvests, or favourable world prices of various primary products. Economic reform and the regional integration process need to continue if these results are to be consolidated. However, a number of indicators bear monitoring, such as imports of foodstuffs, which appear to be on the increase in Côte d'Ivoire and Senegal; if confirmed, these might prove detrimental to local production, to the price level and to the balance of payments. The replacement of public investment by private investment is proving slow, as are results in the form of job creation and the alleviation of poverty, particularly in urban areas. In contrast, economic and legal integration is unquestionably advancing in west Africa, which will certainly boost intra-CFA zone trade, in the same manner as did the devaluation. Harmonization of legislation is intended to increase legal security and to reassure investors, even if the main causes of legal and judicial insecurity are internal to each country.

The central questions of the debt burden and the European Union's transition to a single currency remain pending. With the disappearance of the French franc, the exchange rate of the CFA franc will be bound to that of the Euro, although the French treasury will remain responsible for compensation operations relating to the CFA franc. So long as funds for compensation are not exhausted and so long as France does not seek to share responsibility for this compensation with its European partners, the situation may remain unchanged. In the eyes of many, the solutions to the questions of the foreign debt and the euro lie outside Africa. Two questions to follow closely.

References

Collier, Paul. 1995. "The marginalization of Africa", in *International Labour Review* (Geneva), Vol. 134, No. 4-5, pp. 541-557.

Conte, Bernard. Forthcoming. *Dévaluation du franc CFA et équilibre des paiements courants*. Bordeaux, Université Montesquieu-Bordeaux IV, Centre d'économie du développement.

—. 1995. *Eléments d'analyse de l'efficacité de la dévaluation du franc CFA*. Working Paper No. DT/7/1995. Bordeaux, Université Montesquieu-Bordeaux IV, Centre d'économie du développement.

Edwards, Sebastian. 1989. *Real exchange rates, devaluation and adjustment*. Cambridge, MA, MIT Press.

Goreux, Louis. 1997. *The devaluation of the CFA franc revisited*. (A condensed and updated version of Goreux, 1995.) Washington, DC, World Bank, 28 Jan.

—. 1995. *La dévaluation du franc CFA, un premier bilan en décembre 1995*. Washington, DC, World Bank, 28 Dec.

ILO. 1997a. *Les conséquences de la dévaluation du franc CFA sur les pays africains de la zone franc: Synthèse des études nationales*. Document prepared by the ILO's Regional Office for Africa for the Second Evaluation Meeting held in Yaoundé, 23-25 Apr.

—. 1997b. *Les conséquences de la dévaluation du franc CFA sur les pays africains de la zone franc: Rapport final*. Document prepared by the ILO's Regional Office for Africa for the Second Evaluation Meeting held in Yaoundé, 23-25 Apr.

—. 1997c. *Tableaux comparatifs annotés de dispositions choisies des codes du travail de onze pays d'Afrique francophone (avant et après la révision partielle ou complète des codes du travail)*. Document prepared by the Labour Law and Labour Relations Branch for the ILO-World Bank Seminar on Labour Law Reform in French-speaking Africa held in Abidjan, 30 June-July 1997.

—. 1995. *Les révisions des Codes du travail en Afrique francophone*. Working document prepared by the Labour Law and Labour Relations Branch for a Joint ILO/World Bank Workshop on Reform of Labour Codes in French-speaking Africa held in Washington, DC, 16-17 Oct.

IMF. 1997. *World Economic Outlook*. Washington, DC, May.

International Labour Review (Geneva). 1995. "Labour law reforms in French-speaking Africa: Shrinking state role and new flexibility", in Vol. 134, No. 1, pp. 83-91.

—. 1994. "Devaluation of the CFA franc: Monetary measure, social challenge", in Vol. 133, No. 2, pp. 274-280.

Issa-Sayegh, Joseph. 1997. "L'intégration juridique des Etats africains dans la zone franc", in *Penant: Revue de droit des pays d'Afrique* (Le Vésinet, France), 107th Year, No. 823, Jan.-Apr.

—. 1995. *La construction d'un droit du travail régional: Intérêt, perspectives, problèmes posés*. Document prepared for the ORAF/CFDT/UGTCI Seminar on the Social Dimension of Regional Integration in the CFA Franc Zone held in Abidjan, 29 May-1 June.

Marchés tropicaux et Méditerranéens (Paris). 1996. "Actualité africaine", in No. 2 646, 26 July.

Paré, Cyriaque. 1997. "UEMOA: le processus d'intégration avance bien", in *Marchés tropicaux et Méditerranéens* (Paris), No. 2 682, 4 Apr.

Pelletier, Pierre. 1997. "Zone franc 1997: l'espoir renaît", in *Marchés tropicaux et Méditerranéens* (Paris), No. 2 701, 22 Aug.

JOURNAL OF EDUCATIONAL PLANNING AND ADMINISTRATION

Editor : Jandhyala B.G. Tilak

Volume XI | Number 2 | April 1997

CONTENTS

Articles

ILA PATEL and ANITA DIGHE: Gender Issues in Literacy Education 147
MARK BRAY: Recognising the Burden on Households 163
R.P. SINGH: Toward a New Look at Teacher Education in India 179

Research Notes/Communications

AUGUSTUS N. GBOSI: Expansion of Educational Facilities and Labour Market in Nigeria 197
P.K. SAHOO and K. PATRI: Development of Higher Education in Orissa 203
S. KISHORE: Education Information and Quality Assessment in Distance Education 217

Book Reviews

V.P. GARG: Moving to the Market (R.W. Richardson & J.H. Haralz); I. KHETARPAL: Teaching our Children to Read (B. Honig); Y. AGGARWAL: Human Development in India since Independence (J.C. Aggarwal); N. MOHANTY: Performance of Academic Staff Colleges in India (K.S. Chalam); A. A. SALIM: Counting the Full Cost (Mark Bray); S.K. MALLIK: Higher Civil Services in India (H. Singh ed.); B.K. PANDA: Teaching with Heart (A deiro Judith); A R. RAO: Development Management (T.P. Maitin); N. JUNEJA: Education for All (P.D. Shukla); H.S. PAURIA: Education and the Indian National Congress (R.P. Singh); S.M.I.A. ZAIDI: Using both Hands (E.B. Fiske); J.B.G. TILAK: Education at a Glance: OECD Indicators [and] Analysis (OECD) 225

Annual Subscription Rates

Individuals	Rs. 120	US $ 50
Institutions	Rs. 250	US $ 75 (Airmail extra US$10)

Advertisement Tariff

Full page	Rs. 2000	US $ 100
Half page	Rs. 1100	US $ 55

National Institute of Educational Planning and Administration
17-B, Sri Aurobindo Marg, New Delhi 110016 (India)
Phone: 91-11-661938, 665135, 6962120; Fax: 91-11-6853041
E-mail:*niepa@delnet.ren.nic.in* (or) *niepa-cc@x400.nicgw.nic.in*
Internet: *niepa@del2.vsnl.net.in*

International Labour Review, Vol. 136 (1997), No. 3 (Autumn)

BOOKS

Reviews

Blau, Francine D.; Ehrenburg, Ronald C. (eds.). **Gender and family issues in the workplace.** New York, Russell Sage Foundation, 1997. xi + 283 pp. References, index.
ISBN 0-87154-117-3.

This outstanding collection of significant research reports, edited by two leading experts, will be applauded by those in the field of labour relations and labour market policy. But it deserves a much wider audience — anyone who pontificates or reveals "the truth" about relations between men and women, or who believes that "family values" can solve the problems of motherhood and jobs, or fatherhood and responsibility. A splendid model for any researcher in the social sciences, the book consists of five research reports with careful and mostly helpful commentaries displaying, along with the analysis of the editors' introductory essay, social science at its best.

For some 30 years "work-family issues", "conflicts between parenting and earning a living" or "how to integrate the demands of home with those of the job" have generated employment in the new information economy which holds conferences, commissions research, promotes investigatory hearings, spawns task forces in business or government, circulates papers and arranges networks. But the paucity of useful "conclusions" or "findings" to emerge from this activity has led to some cynicism and boredom with the whole fuzzy topic. Unfortunately, the somewhat mawkish title of this book suggests more of the same; but it is nothing of the kind. The authors state research hypotheses clearly and convincingly, choose appropriate data which they handle properly, and report useful results carefully and clearly. So do the commentators. The different authors all make the point that data with which to test a hypothesis deserve careful attention, and they are meticulous in explaining how the data fit, or do not fit, as well as in their various inter-pretations of what the data suggest.

The "issues" of family and the workplace concern children, reminding us of Kenneth Boulding's dictum that "virtually no society is willing to give up the family as the major institution for the production and the training of children".[1] Accordingly, every economy contains arrangements, different in nature and in impact, dealing with the birth and development of children and, in one way or another, all such arrangements link families and work outside the home.

[1] *Evolutionary economics*, Beverly Hills, CA, Sage Publications, 1981, p. 75.

Copyright © International Labour Organization 1997

Much more attention needs to be given to the dual nature of children as economic goods. For parents, children provide utility and pleasure both immediately (consumption) and in the future (capital). But for society, children provide productive human resources in the future (capital). The amount of satisfaction a society can derive from having children in its population mix probably cannot be determined — although the Pied Piper of Hamelin moralizes that a community that loses its children suffers inconsolably. The individual child is not a public good, however, except in so far as people share enjoyment from his/her behaviour without restricting others' satisfaction; but children as a group, or childbirth and healthy development, clearly fulfil both a public and a personal want. Women who give birth produce a form of human capital, whose future returns can be enhanced with investment — by the mother, parents, the community or society. But whether women's economic role should largely be defined by this form of production, limiting or precluding other economic activity, has yet to be determined by any modern economy. "Family" and "the workplace" are assumed to be in conflict, not just in this volume but by the society and the economic world in which we all live.

Research on the conflict between market production and child production within the family is reported first in a chapter on historical developments, then in three analyses of maternity or parental leave legislation. Klerman and Leibowitz note that much of the debate has assumed that such policies will increase both employment and leave, and a rise in women's time spent at home at the expense of time on the job will be beneficial. However, the results they achieve from comparing United States Census data for 1980, before state legislation, and for 1990, after six states mandated maternity leave, reveal no statistically significant effect on any of the three outcomes. A similar cross-sectional analysis of country data (Europe and North America) from 1960-89 used OECD data on gross domestic product, employment-to-population ratios, civilian labour force participation rates and unemployment rates to measure outcomes. Christopher J. Ruhm and Jacqueline L. Teague found that entitlements to leave of seven months to a year increase production, employment and the labour force participation rate of women, and reduce unemployment. All the authors point, however, to the inadequacy of data to allow for variables such as differences in local labour markets, job protection after leave, conditions of eligibility, and home situations (e.g. the presence of toddlers or care-givers). Furthermore, the benefits (if any) of having the mother at home rather than at work during the early weeks of an infant's life have not been established. The appropriate solution, of course, lies in using longitudinal data, which are woefully underproduced.

Jane Waldfogel uses one such valuable set, the national Longitudinal Surveys of Young Women and of Youth, to investigate the impact of job-protected maternity leave on employment and wages for women aged 22-30, during a period when the gap between men's and women's wages declined significantly. Most of the gap can be traced to differences in family status (marriage and motherhood) amounting to 53 per cent of the total in 1991, or to the indirect effects of family status, such as lower returns to experience and women's shorter work experience. Waldfogel notes that the numbers of maternity leave plans and of women

returning to work within a year of giving birth had grown significantly before 1993, when the United States passed its first federal law requiring (unpaid) maternity leave for firms with 50 or more employees. Furthermore, her analysis establishes that the provision of such leave does result in greater employment continuity, although the influence of education on returning to work after childbirth is also highly significant. Further, her analysis shows that because maternity leave enables covered workers to maintain job tenure and experience, wages for such workers over time are even higher than those for non-covered women who return to work after childbirth. Waldfogel agrees, however, that such women may have been more productive in the first place (or that they selected a firm with maternity leave coverage), so her research supports but does not guarantee returns to maternity leave coverage for women.

A satisfactory balance of the competing claims of work and family on a worker's time may mean more to women than wages or the real income they derive from work, although one hopes this increasingly impinges on men too. Investigating professional jobs, Renée M. Landers, James B. Rebitzer, and Lowell J. Taylor argue that the growing insistence on long hours in areas of activity even where work is often shared (among accountants, lawyers, engineers, consultants, for instance) restricts job choices for women. They use data on attorneys, associates and partners, amongst whom the percentage of women employed rose from 15 to 25 per cent in the previous decade, and women gaining law degrees rose from 2.5 per cent in 1960 to 42 per cent by 1994. Their analysis shows how long work hours can foster not only a "rat-race" setting but one which is an equilibrium solution. Both commentators, Janice Fanning Madden and Michael Waldman, applaud the model, also applicable to academia (junior faculty and tenured staff), and they suggest useful lines for further research.

Finally, Donna S. Rothstein looks at another condition of work which might influence employment or pay levels: the supervisor's sex. Again data from the National Longitudinal Survey of Youth are used. Indisputably, both men and women working for a female supervisor suffer a wage penalty but, over time, the negative effect of working for a woman vanishes. Both Rothstein and the commentators suggest one likely explanation that can be tested with further data now being collected. Are female supervisors more frequently to be found in "female" occupations, in which the consequent crowding and lower status can help explain lower wages for both supervisors and workers?

These empirical chapters all cry out for more data, particularly at the firm level, and for more research on related questions. None the less, Olivia Mitchell, Barbara Bergmann, and H. Elizabeth Peters all offer policy suggestions derived from the preceding research. They echo the question posed by Claudia Goldin in her introductory chapter to the volume, which maps the shifting behaviour patterns of college-educated women. In the early years of the century the norm was for these women to remain single or, if married, to be childless; then, for the cohort of postwar baby-boom mothers, it was to have more babies than non-college-educated women; and today half the college-educated women aged 37-47 decide to remain childless. If women now have more opportunities for education and occupation, combining career and family may not have become any easier for individual women.

This volume should demolish once and for all the standard economic analysis of the choice between work and leisure or market vs. non-market activities, and should prompt more investigation of the respective roles of women, men and society in turning babies into useful human capital. Clearly the *production* of children requires both men and women; childbirth involves only women; but child care requires only care-givers, who may be of either sex and need not be a parent. The data show, overwhelmingly, that economic explanations restricted to wages, working conditions, or even labour market "policies" do not suffice to explain human beings' working behaviour. Although Akerlof and Yellen have shown how to incorporate "non-economic" variables into the analysis, economists need to recognize that their science encompasses the reality of childbirth, parenthood, community and social environments, and what Freud called the two essentials of life: work and love.

Carolyn Shaw Bell

Recent books

Abbott, Michael G.; Beach, Charles M.; Chaykowski, Richard P. (eds.)
Transition and structural change in the North American labour market.
Kingston (Ontario), IRC Press/John Deutsch Institute for the Study of Economic Policy, 1997. 356 pp. Tables, figures. ISBN 0-88886-443-4.

This wide-ranging anthology touches on questions of job duration, the importance of skills, trends in part-time work, earnings differentials taxes, workers' compensation, immigration and unionization — primarily in Canada. It is not, and does not claim to be, exhaustive. It explicitly addresses a variety of topics — "contemporary issues in social policy, institutional features of changing labour markets, structural issues, unemployment insurance and labour market dynamics, and aspects of labour market programs" — and thus offers ideas and evidence but, inevitably, little depth on any one of them. But tucked away in this volume is a short article that deserves special attention.

In a chapter on "Research and policy reflections on the structural changes occurring in North American labour markets", Rebecca Blank points to some very important unanswered (but answerable) research questions. Firstly, why is the pattern of wage changes in the United States different for men and women? The (frequently noted) widening wage inequality is characteristic of male but not female employment, and the wages of unskilled women workers have hardly fallen, unlike those of unskilled males — different patterns that cannot be explained away by differences in the mix of industries and occupations. Secondly, what are the implications of changes in earnings on household income? Earnings inequality is not reflected in inequality in household income, so there are some behavioural factors at work that need to be understood (assuming that household income is the social concern). Thirdly, there are many important labour market changes besides earnings that are often neglected, such as job stability, the relations between a core and a subcontracted workforce. Fourthly, she points to the importance of linking analysis of the labour market to a range

of social and political changes. Then she discusses causality — and the need to examine much more closely what are the mechanisms which translate global changes (in trade, for example) into labour market outcomes. And she concludes with a few words on the main policy responses — income support to the disadvantaged, retraining and skill development, wage and employment subsidies, and doing nothing. In other words, this short chapter raises some highly relevant research and policy questions.

M. F. L.

Bellace, J. R.; Rood, M. G. (eds.). **Labour law at the crossroads: Changing employment relationships. Studies in honour of Benjamin Aaron**. The Hague, Kluwer Law International, 1997. xiv + 249 pp. ISBN 90411-0366-X.

This collection of studies is published as a tribute to Benjamin Aaron, the American labour law academic, arbitrator and specialist in industrial relations, who has held a number of leading positions on legal and industrial relations bodies, and academic and practitioner bodies in the United States. He has also been actively involved in the study of comparative labour law, and has been a member of the ILO's Committee of Experts on the Application of Conventions and Recommendations.

The essays are contributed by well-known labour law figures from across the world, most of them writing in English, a few in French or Spanish. It is an eclectic collection, the variety of subjects reflecting perhaps the wide range of interests of the person honoured. The following selection gives an idea of the range: "Labour law for the post-industrial workplace" (Janice Bellace); "A social security tax: Financing social security for private-sector employees by increasing VAT" (Roger Blanpain); "The concept of political strikes in Germany and in international labour law" (Bernd von Maydell); "Settlement of collective labour disputes in the central and east European countries" (Laszlo Nagy); "Internationalization: A new incentive for labour law and social security" (Max Rood); "Explaining labour law and labour relations to foreigners: Some reflections about international comparison" (Johannes Schregle); "Labour and employment agencies: Public or private management" (Jean-Michel Servais); and "Aspects of the evolution of labour law in France in the context of technological and economic change" (Jean-Maurice Verdier).

Finally, for a succinct and readily comprehensible expression of essential concepts in the employment relationship, this reviewer recommends an erudite parody exploring the relationship between Don Quixote and Sancho Panza, contributed by Manuel Alonso Olea.

C. L. S.

Courvisanos, Jerry. **Investment cycles in capitalist economies: A Kaleckian behavioural contribution**. New Directions in Modern Economics series. Cheltenham, Edward Elgar, 1996. xi + 272 pp. Tables, figures, bibliography, index. ISBN 1-85898-410-6.

Published in Edward Elgar's New Directions in Modern Economics series, which is intended to present challenges to orthodox economic thinking, this volume seeks to extend Michael Kalecki's investment cycle analysis into an integrated dynamic model of how levels of confidence experienced by en-

trepreneurs affect their decisions to invest.

The long-term, expensive and uncertain nature of investment projects inhibits decision-makers' confidence, making it susceptible to a wide range of factors. Incorporating behavioural and evolutionary analysis into a Kaleckian investment model, the author develops the concept of susceptibility, which provides the foundation for an improved understanding of the empirically observed cyclical instability of capital accumulation. Historically based empirical patterns of cyclical manufacturing investment in capitalist economies are identified and related to how the nature of susceptibility alters over time. These alterations are shown to create different investment cycle patterns over evolving periods of economic development.

Drawing on this susceptibility cycle model, Courvisanos shows how corporate and governmental strategic planners can design better policies to mitigate the instability that investment exhibits. The result could be a diminution in the aggravating effect of investment instability on business cycles and employment in capitalist economies.

C. L. S.

Date-Bah, Eugenia (ed.). **Promoting gender equality at work: Turning vision into reality for the twenty-first century**. London, Zed Books/ILO. 1997. xiv + 241 pp. Index. ISBN 1-85649-454-3.

This book takes a broad approach to the question of equality in the workplace: how far it has been achieved in both developing and developed countries at the end of the twentieth century, and what still needs to be done to help achieve it as the twenty-first century dawns, particularly in view of a rapidly changing socio-economic climate.

An introduction gives an overall picture of current workplace equality in the various regions of the world, together with an idea of recent progress, where applicable. It explains the comprehensive approach adopted, namely setting the macroeconomic context (with chapters on recession and structural adjustment's impact on women's work in selected developing regions; on the impact of transition on women's employment in east-central Europe; on African women workers, globalization, AIDS and poverty; innovations in work organization and technology); working conditions and social security (sexual harassment at work; equality of treatment between men and women in social security and in family responsibilities); the enhancement of legal effectiveness (analysis of the legal framework for gender equality in employment in Lesotho; enforcement of equality provisions); and the role of relevant non-governmental institutions (trade unions and women workers: current trends; and the role of employers' organizations in the promotion of gender equality in employment in Malaysia).

In the concluding chapter, the editor spells out the areas requiring urgent attention and action if gender inequalities at work and women's disadvantaged position are to be tackled such as to change the situation significantly in the coming century. Many of these do not exclusively concern women but their inclusion reflects the integrated approach adopted in this book, for example, the alleviation of poverty, action in social security coverage, the improvement of working conditions, access to training, and attention to the situation of a variety of disadvantaged

workers, notably the unemployed and those in rural and informal sectors and in precarious employment. Others directly address the situation of women workers, for example, the creation of an enabling and supportive macro- and microeconomic environment and legal framework, support for child-care and other family responsibilities, the strengthening of women workers' group mobilization and a concerted approach by relevant institutions at all levels of society, such as government, workers' and employers' organizations and national women's networks, and particularly regional and international bodies like the ILO.

It stresses that particular attention is needed to ensure the regular collection and analysis of sex-disaggregated data, and to encourage research bringing to the fore, especially, the gender-differential impact of current socio-economic and other developments. Data are also needed on the extent of sexual harassment, and the diverse requirements of women and their families in terms of social security and protection. Finally, there remains the tricky question of enforcement of legal provisions and the necessity of developing and refining relevant analytical concepts and statistical measurement instruments without which trends cannot properly be monitored.

C. L. S.

Dorfman, Robert. **Economic theory and public decisions**. Economists of the Twentieth Century series. Cheltenham, Edward Elgar, 1997. xxxiii + 464 pp. Tables, figures, name index. ISBN 1-85898-212-X.

The publisher's Economists of the Twentieth Century series is intended to offer readers compendia of articles and papers by economists whose work has made an important contribution to economics in the late twentieth century, thus providing significant reference material in readily accessible form. This collection of selected essays by Robert Dorfman, Professor of Political Economy at Harvard University, therefore reflects the diversity of his interests and the depth of his economic knowledge.

Famous for his continuing concern with how to reach and measure the impact of social decisions, Professor Dorfman has worked in a wide range of areas within economics and, more recently, has challenged traditional concepts relating to the maximization of social welfare. This volume reproduces contributions he has made over the past 40 years, assembled into six categories: statistics; mathematical methods; economic theory; natural resource and environmental economics; social decisions; and the history of economics. The collection is preceded by a personal account by the author of his career, which vividly and entertainingly retraces how he came to examine and develop the numerous professional concerns reflected in the essays selected here. This volume will be of interest to academics and people concerned with economic theory, public sector economics and environmental economics, and to historians of economic thought.

C. L. S.

Gamillscheg, Franz. **Kollektives Arbeitsrecht: Ein Lehrbuch. Band I/ Vol. I: Grundlagen/ Koalitionsfreiheit/Tarifvertrag/ Arbeitskampf und Schlichtung**. Munich, Verlag C.H. Beck, 1997. lxxi + 1413 pp. Index (104 pp.). ISBN 3-406-40397-2.

This book is the first volume of a new handbook of German labour law. It is

divided into four parts dealing with: certain general questions (mostly the concept, sources and history of the law on collective bargaining); freedom of association; collective agreements; and industrial conflict and conciliation procedures.

The approach to these diverse subjects is rigorous and detailed (the book is nearly 1,500 pages long and contains a very great number of references to jurisprudence and legal doctrine). Certainly, this volume follows in the great tradition of handbooks of German labour law and will doubtless soon be counted amongst the major reference volumes in this sphere.

The handbook contains much information about labour law in certain other countries. The aim is not to provide an overview of labour law in these countries, but rather to add an extra dimension to the study of German labour law by comparing it with other legal systems, to sketch out the solutions provided by foreign law systems to questions which remain open under German law and, in a more general way, to promote as an end in itself knowledge about labour law in other countries in this era of growing international contacts. The author emphasizes in his preface that the attitude of those who never look beyond their own frontiers in labour law resembles that of "people afflicted with short sight who refuse to wear glasses". *A. P.*

Gearty, Conor A. (ed.). **European civil liberties and the European Convention on Human Rights: A comparative study**. International Studies in Human Rights, Vol. 48. The Hague, Martinus Nijhoff Publishers, 1997. xv + 420 pp. Table of cases by country, index. ISBN 90-411-0253-1.

This thorough, richly-referenced volume is a comparative study of the impact of the European Convention on Human Rights both generally and in relation to selected jurisdictions in Europe (France, Germany, Ireland, Italy, the Netherlands, Sweden and the United Kingdom). The book is based on the idea that this Convention "can legitimately claim to be more central to Europe's sense of unity and of democratic identity than the treaties that underpin any other supra-national European organization." The Convention emerged from the Council of Europe, "an institutional environment which has always been entirely focused on the preservation of democracy and human rights."

As the newly emerging, sometimes entirely new, nations of central and eastern Europe have subscribed to the Convention and to the investigative and judicial dimensions that make it work, so (says the editor) it "becomes increasingly credible to view this already venerable document, with its many Protocols, as a potential bill of rights for Europe as a whole." Certainly the resurgence of the Convention has led to an explosion of litigation, with the European Commission and the European Court of Human Rights at Strasbourg both seeing a dramatic increase in the number of applications filed by individuals alleging violations of their human rights by member States. This book is not primarily concerned with the now much expanded case law or with the mechanics of bringing a case. It concentrates rather on the civil liberties aspects of the Convention and its application within the States mentioned. A first chapter provides a critical survey of the protection of civil liberties afforded by the Council of Europe, including an exploration of the tension in the distinction between the protection of civil liberties and the affirmation of human rights, and the double-edged (judicial/political) nature

of the Convention's juristic personality. Apart from one chapter on the role of the Convention in European Union-wide law, the remainder of the book is concerned with national law, addressing questions such as what status the Convention enjoys in the States considered, what is its relationship with the State's indigenous bill of rights if such a document exists, and why cases continue to reach Strasbourg if the country from which they emerge is one within which the Convention is stated to have full force and effect. Each essay provides an introduction to the constitutional system of the country considered, examines the precise role, if any, of the Convention within its legal system, and discusses the ways in which judgments adverse to the State under discussion have been (or not been) implemented within the jurisdiction.

C. L. S.

Golden, Miriam A. **Heroic defeats: The politics of job loss**. Cambridge, Cambridge University Press, 1997. xvi + 195 pp. Tables, figures, bibliography, index.
ISBN 0-521-48432-4.

In this book Miriam Golden tackles the puzzle of union responses to workforce reductions. She compares the experience of different unions faced with large-scale lay-offs and, using applied game theory, attempts to rationalize the conditions under which such mass lay-offs are likely — or not — to lead to industrial action.

The study examines the marked difference in response to threatened lay-offs displayed by workers and unions in advanced industrial countries. For example, when the company was faced with bankruptcy in 1979 union members at Chrysler Motor Company in the United States were willing to accept wage and benefit concessions in exchange for a reduction in lay-offs. By contrast, workers at Fiat Motor Company in Italy staged a 35-day strike against the employer when confronted with a similar situation in 1980.

A simple job-loss game model was used to explore the varying interactions between firms and trade unions when economic circumstances warrant mass redundancies. Golden applies a test of the model to job-loss situations in the automobile and coal-mining industries in Italy, Japan, the United Kingdom and the United States during the period 1950-85. Although these countries differ markedly in their industrial and economic structures, the model allows for a comparative analysis of union response to job loss within the same theoretical framework.

Through deft application of the job-loss model, Professor Golden finds that unions and firms in modern capitalist systems interact in similar and predictable ways when downsizing becomes an economic necessity. She concludes that unions are likely to resort to industrial action over threatened job loss only if the very existence of the union organization is at stake, forcing them to stage a "heroic defeat."

Trade unionists, employers, and others in the labour relations field will find this book informative and thought-provoking, particularly since economic restructuring and global competition continue to raise the spectre of mass layoffs and downsizing. Political scientists, sociologists and economists will also benefit from Professor Golden's insights and analysis, and her adept use of the job-loss game theory to test her assumptions.

P. K.

Herman, Bohuslav; Stoffers, Wim (eds.). **Unveiling the informal sector:**

More than counting heads. Aldershot, Avebury, 1996. xi + 251 pp. Tables, figures, index. ISBN 1-85972-444-2.

This volume originated in an International Seminar on Informal Sector Employment Statistics, organized in Islamabad, Pakistan, in September 1995, by the Pakistan/Netherlands Project on Human Resource Development. The intention is to disseminate contributions on the means of measuring informal sector employment, a question of central and continuing interest to policy-makers in developing and developed countries alike.

The seminar adopted the broadest definition of the informal sector (i.e. including self-employment and the unorganized sector). Conditions prevailing in both developed and developing countries were covered (the United States and Europe; Brazil, Costa Rica, India, Nigeria, Pakistan, Tanzania and Turkey), and contributors reported on methodologies as well as on their empirical results.

There are two methodological papers: one on the ILO's recommendations on methodologies concerning informal sector data collection; and one on where, from whom, how and what to collect on informal sector employment. Two papers on empirical applications by methodology developers cover: the ILO's assistance for informal sector data collection in Tanzania, the Philippines and Colombia; and new analytical insights into informal sector employment in Pakistan.[2] The two empirical papers from developed countries cover the measurement of self-employment in the United States; and recent developments in some European data collection systems pertaining to the informal sector. Empirical papers from developing countries report on: data collection and policy-oriented analysis in Tanzania; estimates of the size, needs and problems of data collection on the informal sector in India; problems of surveying the informal sector in Nigeria; a survey of the urban informal economy in Brazil; informal sector data collection in Turkey; and statistical pitfalls in surveying the informal sector in Costa Rica. A final section reproduces the speeches, seminar deliberations and conclusions and recommendations.

C. L. S.

International Confederation of Free Trade Unions (ICFTU). **Annual survey of violations of trade union rights**. 135 pp. Brussels, ICFTU, 1997. Foreword, appendices. Also published in French and Spanish.

This issue of the ICFTU's annual survey of violations of trade union rights covers events in 1996. Over one hundred country reports are presented, grouped by region (Africa, the Americas, Asia and the Pacific, Europe, and the Middle East), with an indication of whether individual countries have ratified the key ILO Conventions guaranteeing trade union rights (the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), and the Right to Organize and Collective Bargaining Convention, 1949 (No. 98)). The situation in each region is summarized in a brief introduction. Appendices provide a survey in tabular form of the status of complaints submitted by the ICFTU, national affiliates and international

[2] Wim Stoffers, one of the editors of this volume, co-authored with Hans Bekkers an article in this *Review* outlining the methodology, data collection strategy and their main findings at the time: "Measuring informal sector employment in Pakistan: Testing a new methodology", in *International Labour Review* (Geneva), Vol. 134 (1995), No. 1, pp. 17-36.

trade secretariats under consideration by the ILO's Committee on Freedom of Association, as well as reproducing the operative articles of Conventions No. 87 and No. 98. A figure also illustrates the marked increase from 1991 to 1996 in the number of communications to the ILO's Committee on Freedom of Association and to the ICFTU's Human and Trade Union Rights Committee. The survey is published in French and Spanish as well as in English.

In his foreword, ICFTU General Secretary, Bill Jordan, makes three main points arising from this survey. First, that trade union leaders and members are being "branded by the advocates of economic liberalism as the kill-joys of the great globalization party", for their denunciation of growing inequalities, defence of workers' rights and mobilization of members around proposals for alternative societies. He sees reduced state intervention in the economy and employers' and business efforts to increase their own intervention as root causes of anti-union repression, which now takes less violent but more insidious methods. At best, he says, trade unions are perceived as interest groups whose scope for action is steadily curbed by new legislation, special powers and labour code reforms; at worst, they are treated as common criminals accused of subversion, sabotage, even terrorism, many being imprisoned with or without trial, or simply eliminated. The report (which does not claim to be exhaustive) lists 264 trade unionists assassinated in 1996, at least 4,264 people arrested or questioned for carrying out trade union activities which are recognized in international labour law, and many cases of torture. At least 1,700 activists suffered police violence as a result of participating in strikes and peaceful demonstrations; tens of thousands lost their jobs because of their union activities, and 7,262 cases of harassment, intimidation and death threats were recorded in 1996.

His second observation concerns the harm to the world economy as a result of measures aimed at circumventing, marginalizing or simply silencing trade unions. He considers that the intensification of competition resulting from increasingly deregulated economies and greater flexibility in the labour market and the removal of obstacles to world trade has brought about a split in industrialized countries' workers into two classes, those who have lost their jobs and those who have managed to keep them at the cost of wage concessions, deteriorating conditions and lower social protection; and increased poverty and inequality in the developing countries, which globalization has drawn into a downward spiral of ever-lower labour standards in order to attract investment and enable quick profits.

Finally, and more positively, Bill Jordan notes the continuing impact of trade unions in 1996, despite attempts to repress and marginalize them. In particular, he reports that over the same period trade unions everywhere called for the inclusion of a social clause in international trade agreements. On the question of globalization, he states a clear trade union position: "our movement will give its full support to a policy of constructive globalization that will contribute to creating jobs, reducing poverty and inequality, and putting an end to discrimination". Labelling the current globalization process "synonymous with unemployment, underemployment and growing inequality", he considers the trade union movement is "steadily emerging as the last bastion against injustice and an essential factor in economic and social progress". Dedi-

cating this report to the activists who risked their lives and freedom for justice, he reminds governments members of the ILO of their international obligations, and warns that "there will be a social world market or no world market".

C. L. S.

Jargowsky, Paul A. **Poverty and place: Ghettos, barrios, and the American city**. New York, Russell Sage Foundation, 1997. xiv + 288 pp. Foreword, tables, figures, bibliography, index.
ISBN 0-87154-405-9.

The author provides an analysis and explanation of changes in neighbourhood poverty in the United States, challenging a number of claims made by social scientists about its causes. Despite its country focus, the universality of urban problems and ghettoization is likely to render the material contained in this book of interest to *Review* readers.

His operational definition of high-poverty neighbourhoods in the United States is those with poverty rates of at least 40 per cent. The overwhelming majority (85 per cent) of such neighbourhoods are situated in urban areas. The residents of high poverty areas are predominantly from minority groups, though an increasing number of whites also live there. However, most blacks, Hispanics and whites in high-poverty areas "live where their own group is dominant". Jargowsky uses the terms "ghettos" to designate black high-poverty areas, "barrios" for comparable Latino areas, and "slums" for similar white areas; "mixed slums" refer to high-poverty neighbourhoods where no single racial or ethnic group is dominant. Such a distinction is important because though all these areas have poverty rates of at least 40 per cent, they obviously differ in terms of cultural patterns and group experiences associated with racial and ethnic differences in the United States. Nearly all the increase in the number of the poor in these neighbourhoods has occurred in central cities and inner-ring suburbs featuring "middle class flight" and commercial abandonment, but this increase occurred because poverty spread to more and more neighbourhoods, not because more poor people moved in.

Jargowsky concludes that economic segregation played an important role in the general increase of neighbourhood poverty between 1970 and 1990, "given that racial segregation declined over that period and, on average, poverty rates in metropolitan areas changed very little". In general, his review of literature and evidence reveals that structural changes in the economy adversely affected those with lower levels of education and skills, leading to slow or negative growth in wages; that the decline in demand for low-skilled labour has had a disproportionate impact on inner-city minorities disadvantaged by poor-quality schools; that the deconcentration of employment further reduced the probability of finding employment because it creates a spatial mismatch between inner-city residents and available jobs; and that census evidence reveals that economic segregation within a minority group — namely, the flight of higher-income groups from poor minority-inhabited areas — is an important factor in the increase in neighbourhood poverty.

Aware of the often controversial nature of many of the hypotheses and empirical conclusions concerning the growth of high-poverty areas, Jargowsky explains that part of the difficulty in resolving these differences

is the lack of a clearly specified model of how high-poverty neighbourhoods are related to their metropolitan areas (defined as a central city of at least 50,000 inhabitants and the additional outlying counties that are economically integrated with it). A contribution of this book is to develop and test such a model (chapter 6). According to his model, ghetto and barrio poverty are largely determined by economic opportunities at metropolitan level, i.e. metropolitan-wide processes of income generation. Processes of neighbourhood "sorting" (the flight of higher-income ghetto inhabitants) also increase economic segregation. He finds that from 1970 to 1990 variations in economic opportunity at the metropolitan level were related to both rapid increases and decreases in neighbourhood poverty. Economic booms in the south-west United States in the 1970s and in the north-east in the 1980s sharply decreased ghetto poverty. And Jargowsky's multivariate analysis reveals that a rise in the overall metropolitan mean income resulted in sharp declines in ghetto poverty concentration among blacks.

Thus, he concludes, "neighbourhood poverty is not primarily the product of 'the people who live there' or a 'ghetto culture' that discourages upward mobility, but the predictable result of the economic status of minority communities and the degree to which minorities are residentially segregated from whites and from each other by income". Accordingly, ghetto culture and pathologies should be viewed as symptoms, not as root causes of ghetto poverty. Policies designed to increase productivity, lower inequality, and reduce spatial and economic segregation will therefore reduce ghetto poverty, he argues. Without broader changes in the metropolitan economy and in rates of segregation, however, self-help and other local programmes alone are unlikely to have much success, and local economic development and enterprise zones are also likely to be less effective.

C. L. S.

Kester, Gérard; Pinaud, Henri (eds.). **Trade unions and democratic participation in Europe: A scenario for the 21st century**. Aldershot, Avebury, 1997. xiv + 296 pp. Figures, bibliography. ISBN 1-85972-302-0.

Editors Gérard Kester and Henri Pinaud have compiled a series of papers which explore the role of trade unions in achieving democratic worker participation throughout Europe. In so doing, they outline principles behind the policies and strategies which trade unions need to employ in a relaunched debate on worker participation in a far wider range of issues than are normally considered to be workers' issues, and certainly than the term first evoked in western Europe in the 1960s and 1970s in relation to participative management and works councils.

Because of European integration, the regulation of labour relations at European level has become increasingly necessary, they argue. This involves worker participation, the right to information, consultation and co-determination, training and education. In order to protect workers' interests, the editors argue, unions must involve themselves in all forms of worker participation whether direct or indirect, as envisioned by the Scenario 21 project, which aims to involve the European unions through the European Trade Union Confederation in ensuring that democratic participation becomes a major component of European industrial relations.

The book highlights the experience of ten west European countries, namely Belgium, Denmark, France, Germany, Italy, Malta, the Netherlands, Norway, Sweden and the United Kingdom. The role of social actors in the development of workers' participation in each of these countries is explored, with particular attention given to the factors that stimulated participation in the past and could play a role again in the future. The incidence of both direct and indirect worker participation is examined.

The contents are organized into three sections: part one examines the policies and strategies for democratic participation; part two presents an analysis of the experience of worker participation throughout Europe; and part three looks at the experience of collaboration between trade unions and universities on research and education, notably the African Workers' Participation Development Programme. A summary is published separately (in English) by the European Trade Union Institute (155 Boulevard Emile Jacquemain, 1210 Brussels, Belgium). A French edition, entitled *Syndicats et participation démocratique: scénario pour le 21ème siècle*, is published by L'Harmattan, Paris.

The essays, as well as the editors' conclusion, provide stimulating ideas for policy and participation. Both workers and managers likely to be affected by European integration will find this book particularly interesting and informative.

P. K.

Kester, Gérard; Sidibé, Ousmane Oumarou (eds.). **Syndicats africains à vous maintenant! Pour une démocratie durable**. Paris, L'Harmattan, 1997. 446 pp. Tables, figures, bibliography, index. ISBN 2-7384-4562-4.

This work, edited by Gérard Kester of the Institute for Social Studies, of The Hague, and Executive Director of the African Programme for the Development of Worker Participation (PADEP), and by Ousmane Oumarou Sidibé, former Minister of Labour and currently Director General of Mali's National Administration College, brings together contributions from some 20 economists, sociologists, lawyers, psychologists and trade unionists, very many of them Africans. It offers an analysis of the transition situation through which African trade unions have recently passed, together with future prospects, in ten countries of sub-Saharan Africa: Benin, Burkina Faso, Cape Verde, Ghana, Mali, Mozambique, South Africa, Sudan, Tanzania and Togo.

Drawing largely on research undertaken within the union/university collaborative framework of PADEP, this book focuses on the role that can be played both by trade unionism and worker participation and by research in the democratization process in Africa and in relation to structural adjustment programmes. At the time of independence and subsequently during the break with one-party regimes that preceded the present decade, the role played by trade unions varied considerably from one country to another. But it was never an insignificant role (except at the grass roots), despite the years of follow-the-leader or of incorporation that characterized union activities in many countries.

As pointed out in the foreword, "one of the major challenges lying ahead for Africa is to maintain, consolidate and develop democracy", a "participant democracy" whose origins lie deep in African tradition (though it does not generally include women). An important contribution made by this volume is to propose solutions that are rooted in social reality and that bear in mind the characteristics of these diverse

countries, and also to question the actors involved (politicians and social partners, notably the unions), as well as the scientific community. Nevertheless, the foreword also points out that "this can only be achieved if democracy clearly has positive effects on development. If people's standard of living continues to deteriorate, if the gulf between rich and poor continues to widen, it will become virtually impossible to develop democracy." Furthermore, "... it will not be possible to anchor democracy firmly and lastingly in society if citizens do not have control over their own future through a significant participation in decision-making both in the work place and in the country generally." Hence, the need for trade unions to be actively concerned with the problems of wage earners and workers in the informal sector, as well as those in precarious employment or excluded from society.

This book bears witness to the importance of cooperation between universities and trade unions as regards both research and training with a view to strengthening worker participation and, consequently, democracy and sustainable development.

J. M.

Michalos, Alex C. **Good taxes: The case for taxing foreign currency exchange and other financial transactions.** Toronto, Dundurn Press, 1997. xiii + 87 pp. Bibliography. ISBN 0-88866-954-2.

This essay spells out the case for an international tax on foreign currency exchange transactions — the "Tobin tax," named after Nobel Prize-winning economist James Tobin who since the 1970s has developed the idea of a universal, uniform tax on all purchases of financial instruments denominated in a foreign currency. It derived from a suggestion originally made by J. M. Keynes for internal financial transactions; numerous economists have since contributed their own arguments for and against the idea. Michalos also makes a case for an intranational financial transactions (excise) tax in Canada and the United States similar to that applied in many other countries. Such taxes have the effect of reducing speculators' gains and thus volatility in financial markets — a topic of some interest at the present time.

Michalos is a Canadian academic specializing in the application of science and technology to the improvement of the quality of life. His publications and professional concerns include work on a general theory of rational and moral decision-making, values in the sociological, historical and philosophical study of science and technology, the taxation of wealth, business ethics, feminism, trust and the quality of life.

His social concerns and pedagogical qualities are clearly apparent in this slim but well-researched and presented volume. Starting with the particular, in his section on the politics of debt, taxes and services he outlines the history of the Canadian Federal Government's accumulated debt, in order to show the "overwhelming evidence that the debt is primarily the result of government policies and actions designed to decrease tax revenues and to increase real interest rates (pursuing a zero inflation rate), rather than the result of excessive spending on social programmes." This leads to his argument for an intranational financial transactions excise tax — a "good tax". Following a brief section on the Bretton Woods Agreement and foreign currency exchange activity, he retraces the original idea and various subsequent ver-

sions of the kind of tax proposed by Tobin and others. In the two main parts of his essay, he groups together and reviews 19 arguments in favour of taxing financial transactions in some way, then 20 arguments against, specifying numerous contributions which have been made to the debate. Whilst there is no doubt about his position on the issue, this volume is of considerable value for its lucid and succinct presentation of the arguments involved and their complex implications, and for the extensive bibliographical references he has assembled.

C. L. S.

Servais, Jean-Michel. **Droits en synergie sur le travail: Eléments de droits international et comparé du travail**. Brussels, Bruylant, 1997. 286 pp. ISBN 2-8027-1040-0.

Why attempt to compare the labour law of different countries? This is the first question the author sets out to answer. First, because the comparative approach helps one to stand back from one's national legal context, and to question the value of the choices it enshrines. Secondly, because the internationalization and regional integration of economies entail a degree of harmonization, even unification, of legal systems which is impossible to achieve without comparative study. The same goes for the elaboration of standards on a regional or international basis, whether within the context of the European Union, the Council of Europe or, of course, the ILO. Finally, because comparison necessarily acts as a strong stimulus to creativity and thought when it comes to developing national law further. At a time of accelerating economic integration, as international communication intensifies and legal systems seem almost obliged to change and adapt, the study and practice of labour law are scarcely conceivable without such a comparative and international approach.

The author goes on to present various methods of comparison. He emphasizes the terminological difficulties involved, these being not simply a question of vocabulary but rather a reflection of differences in culture and legal tradition. In this connection, the Conventions and Recommendations of the ILO provide clearly established terms in several languages. International labour law is then presented, notably the elaboration of ILO standards, their inclusion in national law and their supervisory machinery. All these issues are covered in the first chapter. The following chapters are devoted to different subjects. Chapter II covers freedom of association and labour relations. Chapter III considers conditions of life and work, notably several issues now being hotly — and sometimes angrily — debated, for the universal nature of international standards is currently contested in the name of cultural relativism or of the requirements of international competition. These issues are: health and safety at work, child and adolescent labour, discrimination at work and the growing diversity of forms of employment. Chapter IV concerns employment: the expectations of job seekers, and the interaction of supply and demand of labour. And Chapter V then covers the management of employment services, including the old debate over the respective pros and cons of public and private services.

Readers concerned with labour law, whether in a national, regional or international context, will find food for thought here on the value of a comparative, international approach. This is a

useful reference for labour law students, teachers and researchers, and for those charged with elaborating labour law and ensuring it is respected.

P. B.

Stern, James L.; Najita, Joyce M. (eds.). **Labor arbitration under fire**. Ithaca, NY, ILR Press, 1997. xii + 265 pp. Preface, tables, table of cases referred to, subject index.
ISBN 0-8014-3305-3.

This is a valuable collection of articles by twelve experts on the current and future state of labour arbitration in the United States. It is a timely and interesting publication in view of the popularity and success of labour arbitration in the United States for many years.

It is a timely piece, since the application and future of arbitration (appropriately described as the "new age of arbitration") are analysed in the context of the far-reaching changes in the world of work and in employer-employee relations in the 1980s and 1990s. It is interesting and stimulating because it covers almost all the key issues and trends in labour arbitration.

The main trends are instructive. They include the forecast that conventional grievance arbitration may no longer maintain the "centrality" it had before; optimism about the future of arbitration; the projected increase in the volume of arbitration cases in the public sector compared with its decline in the private sector; increased study time per case for the arbitrator charged with resolving cases; the trend to replace the employment-at-will doctrine by the doctrine of just cause for discharge cases; the growing use of panels and of direct selection of arbitrators by the parties; the growing use of alternative dispute resolution (ADR) (especially employer-promulgated arbitration procedures) in lieu of court adjudication for non-union employees; and the elaboration of the intricacies of arbitral discretion.

Although the publication is of direct relevance only to practitioners in the United States, it is unquestionably also thought-provoking for all who are interested or engaged in labour arbitration, particularly in countries where arbitral reforms are under consideration with a view to making arbitrators work as an instrument of social justice in a changed and globalized environment.

C. C. N.

Thornton, Patricia; Lunt, Neil. **Employment policies for disabled people in eighteen countries: A review**. York, Social Policy Research Unit, 1997. vi + 313 pp. Tables.
ISBN 1-871713-27-7.

This publication is a comprehensive review of employment policies, legislation and services for disabled workers in Australia, Canada, the United States and all 15 members of the European Union. It is published by the Social Policy Research Unit of the University of York, with support from the Commission of the European Communities within the framework of HELIOS II and from the ILO. It is a substantially revised and expanded edition of the 1993 study by the same authors undertaken for the United Kingdom's Employment Department.

The country chapters cover: developments in disability policy; policy-making and implementation; definitions of disability; statistics on disabled persons' employment; employment support services; legal obligations and rights; persuasion policies; financial measures; sheltered employment; and new forms of

employment. Each country chapter is fully referenced. A final chapter reviews developments in policy and practice across the 18 countries.

The report is available on computer disk or in printed form. The full text is also accessible on the GLADNET online Infobase: http://www.gladnet.org.

C. L. S.

Treu, Tiziano (ed.). **Employees' collective rights in the public sector: General and national reports**. XIVth International Congress of Comparative Law, Athens, August 1994. The Hague, Kluwer Law International, 1997. 238 pp. Tables.
ISBN 90-411-0390-2.

This multilingual volume is a compilation of the proceedings of the XIVth International Congress of Comparative Law held in Athens, Greece, in August 1994. Contributions are written in English, French or Spanish. In addition to presenting findings from ten national reports analysing public sector labour activities, the editor constructs a general overview of the trends in employees' collective rights and collective labour relations in the public sector. The book focuses on developments occurring over the past decade.

In his introduction, Treu analyses the transformation of labour relations in the public sector, with particular emphasis on the move towards privatization and deregulation. He notes that in many countries there has been a blurring of the distinction between public and private sector labour laws. For example, most countries now grant public employees freedom of association, the right to strike, and collective bargaining and rights. Treu argues that the convergence of public and private labour law stems from the notion gaining credence that civil servants do not represent the state authority, but merely perform a variety of services. As a result, there is little justification for the differential treatment of public and private sector workers (with the exception of magistrates, police officers, armed forces, and the like).

While Treu acknowledges that privatization has led to a convergence between public and private sectors in many of the countries examined, he also points out that significant differences remain between the two sectors. In particular, public employees continue to have less influence over such questions as management rights or wages. Moreover, Treu notes that the public sector must take into consideration the public good, and not just market forces.

After the overview, there follow in-depth reports of public employees' collective rights in ten countries: Argentina, Australia, Belgium, Canada, France, Greece, Japan, the Netherlands, Portugal, and the United Kingdom. The reader is thus able to compare and contrast the labour law, bargaining structure, role and influence of public employee unions, public employee rights, and procedures for dispute resolution in all these countries. Each national report also addresses the impact of privatization on public employees.

Those interested in comparative and international labour law and labour relations will find this volume particularly useful. National practi-tioners will also benefit from Treu's insights and observations on the trends in employees' collective rights in the public sector, especially given the rapidly gathering momentum of privatization throughout the world.

P. K.

Wohlmuth, Karl; Messner, Frank (eds.). **African Development Perspectives Yearbook 1994/95. Vol. IV: Active labour and employment policies**. Hamburg, LIT Verlag, 1996. Distributed in North America by Transaction Publishers, New Brunswick, NJ. xxi + 474 pp. Tables, figures, boxes, maps, bibliography. ISBN 3-8258-2150-1.

Wohlmuth, Karl; Bass, Hans H.; Kappel, Robert; Wauschkuhn, Markus (eds.). **African Development Perspectives Yearbook 1996. Vol. V: Regional Perspectives on labour and development**. Hamburg, LIT Verlag, 1997. Distributed in North America by Transaction Publishers, New Brunswick, NJ. xxvii + 673 pp. Tables, figures, bibliography. ISBN 3-8258-3101-9.

These two lengthy books are volumes IV and V of the *African Development Perspectives Yearbook 1994/95*. The *Yearbook* publishes a very wide range of contributions to the literature on Africa's development problems, garnered from experts from African and international organizations, universities and research institutions, and governmental and non-governmental organizations. In addition to analysis and comment ranging from the global to the local, the yearbook reprints important documents on Africa's development options, declarations and programmes of international, regional, national and voluntary organizations, as well as a news and information network.

These two volumes focus respectively on active labour and employment policies, and regional perspectives on labour and employment. The first seeks to provide a comprehensive account of employment and labour in Africa, and to present a coherent strategy of employment creation and poverty alleviation. A broad definition of active labour and employment policies is adopted, and emphasis is given to employment-friendly macroeconomic and sectoral policies, as well as to the need for appropriate policies on labour institutions, labour relations, and working conditions. Consideration is given to regional and international demands to redesign structural adjustment policies and development cooperation so as to place greater emphasis on employment. The potential conflict between employment generation and environmental protection is examined and sustainable development policies discussed.

The second volume is a complement to the first, but focuses on regional perspectives and on two countries (South Africa and Nigeria), examining the employment impact of development cooperation.

C. L. S.

New ILO publications

Affirmative action in the employment of ethnic minorities and persons with disabilities. Edited by Jane Hodges-Aeberhard and Carl Raskin. Geneva, 1997. ix + 115 pp. Foreword, bibliography. 20 Swiss francs. ISBN 92-2-109521-5.

Affirmative action in employment has recently attracted a lot of attention in relation to discrimination based on sex or racial origin in the United States and Europe. The discussion in academic and media circles has highlighted the fact that affirmative action to eliminate sex-based discrimination has been in place for a considerable time in many countries. The focus of this book is affirmative action in employment of ethnic minorities and people with disabilities in a number of countries less often mentioned in this connection: Canada, India, Lebanon, Malaysia, Norway, the Philippines, the Russian Federation and Uganda.

The country reports presented in this volume describe current trends in the implementation of affirmative action in employment for both these groups, whether by legislative enactments, general policy measures, voluntary programmes, or a mixture of these elements. Attention is given to which approaches have worked best in the particular national circumstances and to the pitfalls which have come to light. The controversy surrounding the concept of affirmative action, namely that it constitutes reverse discrimination, surfaces in these case-studies too. In Canada, for example, the quandary of viewing equality as "sameness" has been alleviated by treating people as equals by accommodating their differences; on the other hand, the Malaysian and Indian experiences point to resentment felt by groups *not* benefiting from such measures. In the Philippines, a major law for the disabled was adopted with the reservation of certain posts in the public service, despite opposition expressed in Congress against this type of "special dispensation".

The originality of this book is its discrimination perspective on the issue of disadvantage, whatever the group suffering the disadvantage. In so doing, it reveals that disadvantage is to a great extent the avoidable product of other people's behaviour and action, and that vulnerability is above all the result of denied opportunities and unjustifiable social exclusion. It shows that people with disabilities may see their struggle for equal treatment in employment frustrated by lack of knowledge about their abilities, or even because of misplaced sympathy for their suffering; and that people belonging to ethnic minorities are more likely to face outright hostility and less decisive government support in their favour. In short, the book is a reminder that the solution cannot be to seek preferential situations for specific groups, but to denounce and combat discriminatory practices on all fronts, irrespective of the group(s) discriminated against.

The book is the fruit of collaboration between the Equality and Human Rights Coordination Branch and the Vocational Rehabilitation Branch of the ILO, and of the efforts of the authors of the country reports.

Children at work: Health and safety risks. By Valentina Forastieri. Geneva,

1997. ix + 138 pp. Tables, boxes, bibliography. 25 Swiss francs. ISBN 92-2-109520-7.

Traditionally, child labour has been viewed from mainly political, sociological and economic perspectives. Although much has been written and debated about the rights and well-being of children and their need for protection, little information has been available about the actual conditions in which they work and about their impact on children's health.

The purpose of this book is twofold. The first part provides an assessment of available information and discusses existing legislation, statistics, case-studies and other sources of information on children's actual working conditions in selected occupations and the effects on children's health. The second part proposes a possible approach to the problem within a national policy for the elimination of child labour. In this context, it discusses the development of a programme on occupational safety and health to address working children.

The annexes provide information on the application of technical instruments to the evaluation of the damage caused to the physical and mental health of children in various kinds of work. They examine existing methodological tools on occupational safety and health and primary health care which could be adapted to address the health status of working children for preventive and control purposes.

It should interest a broad audience, including labour inspectors, health promoters and physicians, employers' and workers' organizations, local communities and advocacy groups.

It was prepared by the Occupational Safety and Health Branch of the ILO, based on experience gained since the ILO's Interdepartmental Project on Child Labour was launched in 1992.

Labour statistics based on administrative records: Guidelines on compilation and presentation. Bangkok, ILO East Asia Multidisciplinary Advisory Team/ILO Regional Office for Asia and the Pacific, 1997. vi + 105 pp. Foreword, tables, figures, boxes, annexes, index. ISBN 92-2-110486-9.

The records of labour administration systems hold a wealth of information which is underutilized mainly for lack of statistical expertise in many Asian and Pacific countries. This publication is addressed primarily to labour ministry officials in less developed Asian countries who are concerned with compiling and presenting labour statistics based on administrative records. The publication assesses the value of these statistics as a component of the overall system of labour statistics and examines the strengths and weaknesses of administrative systems as sources of labour statistics. It offers practical guidelines to questions such as how to assess the statistical value of an administrative system, how to determine which data to extract, how to code and edit them, and how to present the results for use in a wider context.

Women in the 1980-95 period: Constraints and opportunities. Bibliography Series, No. 18. By Maryse Gaudier. Geneva, International Institute for Labour Studies, 1997. xvii + 196 pp. In French and English. Index of authors and corporate authors. 22.50 Swiss francs. ISBN 92-9014-570-6.

This bilingual English and French bibliography was prepared in response to a need expressed at the International Forum on Women's Equality in the

Working World: The Challenges of the Future, organized by the International Institute for Labour Studies in Geneva, June 1994. The need was for a definition of the new issues emerging for women from the radical political, economic and social changes that marked the period from 1980 to 1995, and to understand their significance for social policies. Material documenting the effects of these changes was therefore collated and analysed, and theoretical and practical lessons drawn for the future.

The results of this bibliographical search are presented in two parts, one analytical and one bibliographical. The analytical section is based on key documents and permits an examination of the situation of women in different parts of the world in the light of recent major trends; the identification of their responses to the new situations in economic and social life; and, on the basis of these responses, the drawing of lessons which would help to construct a global, but more harmonious and equitable world.

The bibliographical section contains about 1,000 titles comprising books, articles, working papers and conference documents produced in English or French between 1980 and 1995. In her selection, the compiler gave priority to documents best illustrating the diversity, complexity and contrast characterizing the position of women in the world and their dynamism despite the constraints faced. The documents are classified under the same sections and subsections as used in the analytical section. An index of authors and corporate authors is provided. All in all, a very useful reference tool.

World Labour Report 1997-98: Industrial relations, democracy and social stability. Geneva, 1997. xiii + 283 pp. Figures, boxes, statistical annexes, technical notes. 45 Swiss francs. ISBN 92-2-110331-5. ISSN 0255-5514. Also published in French and Spanish.

The past decade brought rapid changes in the global economy. Many countries have endured severe unemployment. Some have undergone transition to a market economy and democratization, still others enjoyed strong economic growth and rising standards of living. In a great many developing countries, the informal sector has expanded. These developments have not been without consequences for workers' and employers' organizations, nor for the bipartite or tripartite institutions set up in the aftermath of the Second World War or, in some countries, at independence. Hence the timeliness of this report, which examines the state of relations between employers, trade unions and governments worldwide.

The first two chapters are concerned with trade unions — "current issues" and "the throes of change" — and the third, with employers' organizations. The fourth chapter analyses the impact of "the new features of production" on industrial relations. The following three chapters examine the instruments of social dialogue in the industrialized countries, in the countries of central and eastern Europe, and in the developing countries. The eighth chapter takes up the difficult question of industrial relations in the informal sector. The final chapter looks at prospects for the future. The report ends with a statistical annex.

Overall, the impression is one of a structural decline in union membership, though the picture is less clear-cut than a cursory glance at the data might suggest. Indeed, the decline is not universal. Admittedly, trade unions in Central America and Oceania have lost

nearly 20 per cent of their membership and those of central and eastern Europe, some 36 per cent. But the decline has been moderate in western Europe and in South America, with losses averaging about 6 per cent. By contrast, union membership has remained broadly stable in North America and northern Europe (at –1.1 and –0.1 per cent, respectively), and it has actually increased in southern Europe (+2 per cent), East and South East Asia (+5 per cent) and South Asia (+10 per cent). These regional variations reflect the influence of the determinants of unionization, including the end of compulsory union membership in the former communist countries, high unemployment, the decline of the manufacturing sector with the shift towards services and development of small and medium-sized enterprises (SMEs) in the industrialized countries, shrinking public sector employment in the developing countries, and strong economic growth in Asia. These developments are compounded by the introduction of new forms of work organization, the globalization of production and changes in the structure of the labour force. Trade unions are having to adjust accordingly, though some are doing so more rapidly than others. The adjustment process features the provision of social services to members; recruitment of new members, including women, young people, employees of SMEs and workers in precarious jobs; the expansion of international trade union cooperation; new alliances with organizations representing various interest groups, e.g. women, vulnerable social groups, consumers, etc.

In spite of their apparent decline, trade unions thus remain essential partners in industrial relations, and "no new institution seems able to take their place". In particular, the authors of the report stress three important functions of trade unions. The first is democratic, i.e. to allow all those who have a job or who want one to have a say about their working life. The second is economic and consists in helping to distribute equitably the fruits of growth. The third function is social, namely, contributing to stability, fighting social exclusion, violence and unrest, and helping to eradicate poverty.

The global economic changes that are requiring trade unions to adjust also call for adjustment on the part of employers' organizations. Some of the innovations these organizations have introduced are similar to those introduced by trade unions, including the provision of new services, affiliation of SMEs, internationalization and links with community-based social or educational organizations.

Increased trade flows and capital mobility are transforming traditional industrial relations and collective bargaining as formerly stable relationships between the social partners become increasingly unstuck. While the advent of globalization is not leading — as some fear — to a large-scale industrial migration of firms fleeing high labour costs and taxes, it is generating increasing options for firms to maintain or relocate manufacturing investment. Yet the mere existence of such options, combined with new technologies and methods of organization, says the report, is having a broad impact on collective bargaining and enterprise culture. Existing industrial-relations structures have, in many cases, been circumvented by new structures, known generically as human resource management (HRM) policies, which, while broadly credited with channelling concern for such complex workplace issues as teamwork, training,

payment systems, employee participation and personnel policy, have yet to resolve the tensions inherent in labour-management relationships, notably in the treatment of trade unions and collective bargaining arrangements. According to the ILO analysis, the architecture of future industrial relations will be largely determined by how employers and workers resolve the tension between cooperative HRM policies and traditional enterprise-based industrial relations involving unions and collective bargaining. The two need to be seen as complementary for a number of reasons.

First, cooperation-based policies that rely on the dedication and commitment of employees and hence on the need to ensure a certain level of employment stability only relate to part of the workforce. Some problems will remain immune to direct cooperation-based solutions and recourse to other forums, including trade unions, will remain necessary. Second, the innovations have so far been diffused in "a restricted and uneven manner". In some countries, flexible work organization and human resource management have become commonplace, while in others they have been strongly resisted by both management and workers. The net result is that the outcomes of the changes implemented by HRM-style solutions vary greatly from country to country. Finally, industrial organizations, and in particular workers' organizations, frequently have to confront issues that extend beyond the boundaries of enterprises, requiring collective and industry-wide forums for negotiation.

With the increasing autonomy of enterprises and decline of traditional industrial relations, problems of social cohesion have become a major source of concern in most countries. In the light of this concern, the report examines "the dilemma facing most countries of how to reconcile the decentralization and individualization which accompany more intense competition, and the competitiveness imperative, with labour regulations which reduce inequality, as well as the pressures they exert on social integration and economic development." Comparing the outcomes of different models — United Kingdom/United States, Europe and Japan — the authors of the report conclude that it is not possible to formulate a single, ideal model of industrial relations that is more conducive to economic growth than any other. However, they identify the main challenge of industrial relations in democratic, industrialized countries as determining the extent to which social dialogue can, today, counter the pressure exerted on social cohesion by increased unemployment and wage inequalities.

The abruptness of the political and economic changes in central and eastern Europe are keenly felt in industrial relations, though to differing degrees across the region. Trade unions have been a major force in the transition to a market economy and collective bargaining has played an important role in maintaining social cohesion while allowing for much needed industrial restructuring.

In the developing countries, social dialogue and collective agreements are inhibited by precarious forms of employment and the fact that social protection provisions cover only a small section of the workforce. Such is the case in Africa, for example, where the dominance of the agricultural and informal sectors severely limits the potential impact of tripartite or bipartite negotiations.

The informal sector encompasses a wide variety of activities ranging from

petty trade, service repairs and domestic work to transport, construction and manufacturing. It rarely involves a clear-cut employer-employee relationship. Workers may be self-employed, assisted or not by unpaid family members, or hired by a micro-enterprise. Many, especially women, work out of their homes. The heterogeneous nature of the jobs performed and differences in employment status make it difficult for informal sector workers to organize themselves into unions in the hope of improving their wages and working conditions. While various grass-roots organizing efforts have taken place, no strong collective actor has yet emerged in the informal sector. Yet the variety of informal sector associations that exist throughout the world is a clear indication of the ability of informal sector workers to grasp the opportunities provided by the State or the law in terms of both material support and social recognition.

The overall conclusion that could be drawn from the report is that the situation is not, in fact, as bleak as some data suggest. There are many signs that employers' associations and trade unions are adjusting to the realities of today. And there is every sign that a whole new social dynamic is developing. The most active trade unions are looking beyond the working population and opening their doors to those who have no stable employment, or no job at all. Both in word and deed, they are looking more and more like genuine social movements with a clear vision of how to defend and promote the interests, however varied, of the world of work. Moreover, on practically every continent the State is getting more involved in social issues than ever before. The ILO's *World Labour Report 1997-98* draws attention to a whole range of mechanisms that are used today to govern the relations between employers and the organized workforce. They are a reflection of the effort that has been made to adapt the structures, venues and strategies to the new economic reality and to its international dimension.

THE INDIAN JOURNAL OF LABOUR ECONOMICS

The Journal, in print since 1958, is published quarterly as the organ of the Indian Society of Labour Economics which is a broad-based organisation in which all schools of analysis are welcome to participate. The chief aim of the Journal is to promote scientific studies in labour economics, trade unionism, industrial relations and related topics. Apart from peer-reviewed articles and research notes, the Journal publishes communications of seminars and conferences, documentation of important Government reports/research studies concerning labour, selected labour statistics, and book reviews.

Recent articles include

- Workforce Restructuring, Wages and Want: Recent Events, Interpretations and Analysis - **Sheila Bhalla**
- Employment, Labour Market Flexibility & Economic Liberalization in India - **Amit Bhaduri**
- Health, Poverty and Labour - **T.N. Krishnan**
- Social Security and Structural Adjustment - **G. Parthasarathy**
- Employment Security, Relief Work Programmes vs. Productive Employment - **Jeemol Unni**
- New Economic Reforms in India : A Critical Assessment - **Ruddar Datt**
- Economic Reforms, Employment & Labour Market in South Asia - **Rizwanul Islam**
- Globalisation and Labour Market in Bangladesh - **S. Reza and R.A. Mahmood**
- Economic Reforms and Rural Labour Market in Bangladesh - **Rushidan Islam Rahman**
- Impact of Liberalisation on Labour Market & Industrial Relations in India - **Sudha Deshpande & L.K Deshpande**
- Current Issues of Labour Policy Reforms in India - **Ajit K. Ghose**
- Economic Reforms and Gender Issues in India - **Indira Hirway**
- Structural Adjustment, Poverty, Employment and Safety Nets in India - **T.S. Papola & Alakh N. Sharma**
- Economic Reforms, Employment and Labour Market in Nepal - **Kishore Kumar Guru-Gharana**
- Globalisation, Liberalisation and Employment in Pakistan - **Syed Nawab Haider Naqvi & Zafar Mahmood**
- Globalisation, Economic Growth and Employment in Sri Lanka - **W.D. Lakshman**
- Structure of the Indian Workforce: 1961-1994 - **Pravin Visaria**
- Social Security for Indian Workers: Performance & Issues - **S. Mahendra Dev**
- Economic Liberalization, Democracy & Industrial Relations: India in a Comparative Perspective - **Debashish Bhattacherjee**
- State, Market and Labour - **C.P. Thakur**
- Rural Labour, Poverty and Development - **Bagaram Tulpule**
- On Enriching the Foundations of Labour Economics in India- **Subbiah Kannappan**
- Labour Clauses, the World Trade Organisation and Child Labour in India - **Robert Castle, D.P. Chaudhry, Chris Nyland and Trang Nguyen**

Annual Subscription Rates			Payment in the form of bank draft/cheque may be sent in favour of the **Indian Journal of Labour Economics.** Rs. 20/US $5 should be added extra in the case of outstation cheques
	Individual	Institutional	
India	Rs. 200	Rs. 400	
Abroad	Rs. $ 40	US $ 60	

All editorial and business correspondence should be made with the Editor/Managing Editor, the Indian Journal of Labour Economics, Institute of Applied Manpower Research Building, I.P. Estate, Mahatama Gandhi Marg, New Delhi - 110 002 (India). Phone: 3317849; Fax: 91-11- 3319909

The PAKISTAN DEVELOPMENT REVIEW

Volume 35 **Summer 1996** **Number 2**

ISSN 0030-9729

Editor: **SARFRAZ KHAN QURESHI**

CONTENTS

Rehana Siddiqui The Impact of Socioeconomic Factors on Fertility Behaviour: A Cross-country Analysis

Takashi Kurosaki Government Intervention, Market Integration, and Price Risk in Pakistan's Punjab

Muhammad Iqbal Zafar Husband-wife Roles as a Correlate of Contraceptive and Fertility Behaviour

Shahnawaz Malik Determinants of Rural Poverty in Pakistan: A Micro Study

BOOK REVIEWS

Overseas Development Administration **A Guide to Social Analysis for Projects in Developing Countries**

Reviewed by Mir Anwar Mahmood

Bina Agarwal **A Field of One's Own: Gender and Land Rights in South Asia**

Reviewed by Yasmeen Mahmuddin

Lucy Schenk-Sandbergen (ed) **Women and Seasonal Labour Migration**

Reviewed by Rehana Siddiqui

Annual Subscription U.S. $ 100.00, Pak Rs. 800.00 by surface mail and U.S. $ 125.00, Pak Rs. 400.00 by air mail. Per issue U.S. $ 30.00, Pak Rs. 75.00 by surface mail and U.S. $ 35.00, Pak Rs. 100.00 by air mail for 1997 only. Subscriptions are entered on a calendar year basis. Payment should be made directly through a demand draft, issued in the name of the **Pakistan Institute of Development Economics**, Post Box 1091, Islamabad 44000 (Pakistan).

SUBSCRIBE NOW

INTERNATIONAL LABOUR REVIEW

Subscribe to the *Review*: there is no easier way to keep up with the latest research and analysis of labour, employment, social and economic questions of international interest, and to build up a collection of materials for later reference.

One year subscription (four issues): Vol. 136 (1997): 80 Swiss francs; US$ 72; £44
Two years subscription (eight issues): 144 Swiss francs; US$128; £72

All prices are subject to change without notice. Also available in French and Spanish.

For a complete list of sales agents and ILO offices worldwide where you can subscribe to the *International Labour Review*, please contact the ILO Publications Bureau or visit our World Wide Web site at: **http://www.ilo.org/english/180publn.**

Please complete the subscription form and mail or fax to:

ILO Publications (PUB/VENTE)
International Labour Office
CH - 1211 Geneva 22, Switzerland
Tel: (+41-22) 799 78 25 Fax (+41-22) 799 85 78
E-mail: pubvente@ilo.org

SUBSCRIPTION FORM

Please enter my subscription to the *International Labour Review*

☐ New subscription — one year ☐ — two years ☐
☐ Renewal

Mailing instructions:
☐ Surface mail ☐ Airmail (will be charged extra)

Method of payment:
☐ Remittance enclosed for (amount) _____
☐ Please send me a pro forma invoice
☐ Please debit my credit card ☐ AmericanExpress
☐ Access/MasterCard/Eurocard
☐ Diners
☐ Visa

Card No: _____ Expiry date: _____

Full name: _____

Full address: _____

_____

_____

Country and code: _____

Date: _____ Signature: _____

☐ Please send me information and prices for ordering earlier volumes of the *International Labour Review*.

INTERNATIONAL LABOUR REVIEW

The *International Labour Review* contributes to a wider understanding of labour and employment issues by publishing in English, French and Spanish the results of original research and analysis on questions of international interest by economists, labour lawyers and other experts; short articles offering a *perspective* on emerging issues; and reviews of recent publications.

PREPARATION AND SUBMISSION OF MANUSCRIPTS

› Articles may be prepared by invitation of the Editor-in-Chief on the basis of an agreed outline describing the subject, the hypotheses examined and sources used. Unsolicited manuscripts are considered on their merits and in relation to the overall programme of the *Review*. All manuscripts are subject to review by experts in the relevant technical departments of the ILO and by independent experts.

› Manuscripts may be submitted in English, French or Spanish; if translated from another language the original should also be provided.

› Contributions should be accompanied by a statement that they have not already been published, and that they will not be submitted for publication elsewhere without the agreement of the Editor-in-Chief.

› It is understood that manuscripts accepted for publication are subject to editorial revision and that the right of publication in any form or language is reserved by the ILO.

› Manuscripts – preferably no longer than 6,500 words – should be typed in double-line spacing. A clean original, a copy and a 100-word abstract should be provided, together with a diskette in Wordperfect, Word for Windows and/or ASCII.

› The preferred form of citation is the inclusion in the text, within parentheses, of the author's last name, year of publication and, if applicable, page number(s). The corresponding references should be provided in an alphabetical list at the end of the manuscript. Any notes should be numbered consecutively throughout the article, except those in tables and figures.

› The list of references should indicate: *for books*, author's full name, year of publication, title of book (in italics), place of publication and publisher; and *for articles*, author's full name, year of publication, title of article (within quotation marks), title of periodical (in italics), place of publication (within parentheses), volume and issue numbers, and pages.

› Tables should be numbered consecutively and presented separately, one to a page, at the end of the text. The data on which diagrams and figures are based must be provided. No text should be included within diagrams. Tables and diagrams should bear a descriptive title and any notes should be numbered.

› Authors must observe the usual rules and practices regarding the reproduction of copyright material in their articles, assuming responsibility for obtaining permission where appropriate.

Manuscripts should be addressed to: the **Editor-in-Chief, *International Labour Review*, International Labour Office, CH-1211 Geneva 22, Switzerland, fax (41-22) 799 6117 or 798 8685; telephone 799 6510 or 799 7903; e-mail revue@ilo.org.**

RESPONSIBILITY AND COPYRIGHT

The responsibility for opinions expressed in signed articles rests solely with their authors and publication does not constitute an endorsement by the ILO of the opinions expressed nor of the legal status of any country, area or territory mentioned therein. The *Review* enjoys copyright under Protocol 2 of the Universal Copyright Convention.

SUBSCRIPTIONS TO THE INTERNATIONAL LABOUR REVIEW

Annual subscription (four issues) or two-year subscription (eight issues) at prices mentioned on the subscription form placed opposite. Prices of back numbers are quoted on request. Changes of address, indicating both the old and the new address, should be sent at least six weeks in advance; kindly enclose a recent mailing label.

Subscription forms, orders, renewals, price requests and changes of address should be sent to: **ILO Publications (PUB/VENTE), International Labour Office, CH-1211 Geneva 22, Switzerland, telephone (41 22) 799 7825; fax 799 8578; e-mail pubvente@ilo.org.**

Articles recently published in the *International Labour Review* on subjects related to those covered in this issue include:

"Inequality, unemployment and contemporary Europe", by Amartya Sen, 1997/2

"Parental leave" *(perspective)*, 1997/1

"Perspectives on work: Introduction" [introducing a special issue on the nature and future of work], by Alain Supiot, 1996/6

"Work and usefulness to the world", by Robert Castel, 1996/6

"New perspectives on work as value", by Dominique Méda, 1996/6

"Post-industrial society and economic security", by Jean-Baptiste de Foucauld, 1996/6

"Globalization and employment: Is anxiety justified?", by Eddy Lee, 1996/5

"Data on race, ethnicity and gender: Caveats for the user", by Carolyn Shaw Bell, 1996/5

"Combating unemployment, restructuring work: Reflections on a French study", by Jean Boissonnat, 1996/1

"Unemployment in Europe: A problem of relative or aggregate demand for labour?", by Freddy Heylen, Lucia Goubert and Eddy Omey, 1996/1

"Overview: Employment policy in the global economy", by Eddy Lee, 1995/4-5

"Can macroeconomic policies raise employment?", by Andrea Boltho and Andrew Glyn, 1995/4-5

"European Monetary Union and labour markets: What to expect?", by Torsten Peters, 1995/3

"The challenge of unemployment in the Arab region", by Radwan A. Shaban, Ragui Assaad and Sulayman S. Al-Qudsi, 1995/1

"Towards full employment: An ILO view" *(perspective)*, 1994/3

"A job classification to facilitate occupational mobility" *(perspective)*, 1994/2

"Devaluation of the CFA franc: Monetary measure, social challenge" *(perspective)*, 1994/2

ISSN 0020-7780